

# Computer Accounting

with Peachtree by Sage Complete Accounting 2011




15th  
edition

Carol Yacht



Includes Peachtree by Sage  
Complete Accounting Software  
(educational version)



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# **Computer Accounting with Peachtree by Sage Complete Accounting 2011**

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Fifteenth Edition

Carol Yacht, M.A.

 **McGraw-Hill  
Irwin**

## iv Software Installation

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### Minimum System Requirements

- 1 GHz Intel Pentium III (or equivalent) for single and multiple users.
- 256 MB of RAM for single user and 512 MB for multiple users; Windows 7—512 MB RAM (single and multiple users).
- Windows 7, Vista, XP SP2. (Peachtree does not have a Macintosh version. For Macintosh computers, search for PC compatibility at [www.apple.com](http://www.apple.com).)
- 1 GB of disk space for installation.
- Internet Explorer 6 required; Internet 7.0 and 8.0 supported.
- Microsoft .NET Framework CLR 3.5. Requires an additional 280 to 610 MB.
- At least high color (16-bit) SVGA video; supports 1024x768 resolution with small fonts required.

Higher screen resolution may be used. Higher resolution will not affect how the software functions, but the user interface might look different. For example, if you do not have an <OK> button, press <Enter> to start Bellwether Garden Supply or Stone Arbor Landscaping.

- 2x CD-ROM drive.
- All online features/services require Internet access with at least a 56 Kbps modem.

### Integration/Compatibility Requirements

- Excel, Outlook, and Word Integration requires Microsoft Excel, Outlook, or Word 2002, 2003, or 2007.
- Outlook Sync supported in Exchange 2000 SP2, 2003, 2007 and 2010.
- Printers supported by Microsoft Windows XP/Vista/7.
- In-product demos require Macromedia Flash Player.
- Adobe Reader 9.0 required.
- *External media for Chapter 1-18 backups:* One USB drive; CD-R; or, DVD-R. (CD-RW or DVD-RW required for backing up to CD-R or DVD-R.)
- *Optional requirement:* Microsoft Excel, Outlook and Word integration requires 2002 and higher.

### Multi-User

- Multi-user environments are supported in Peachtree Complete Accounting and higher.
- Multi-user mode is optimized for Windows Server 2003 or Windows Server 2008 client-server networks, and Windows XP/Vista/7 peer-to-peer networks. A maximum of five licensed named users are allowed. A named user account is granted a license when selected in the user maintenance screen.



- 1 GB of disk space for installation of components on server.
- For classroom installation, the author suggests ghosting the installation; see page xvii, Computer Lab Installation.

### Terminal Services

- Windows 2003 or 2008 Server along with Remote Desktop Connection or Remote Desktop Web Connection client is required in a Windows Terminal Services environment. No more than 5 named users.
- Terminal Server requires additional memory when more than one user is running under Windows Terminal Services. An additional 21 MB RAM is recommended for each additional user.

### Other

- Customer registration and acceptance of Sage License Agreement for Peachtree Accounting Software Products. (Refer to Software Registration, pages xv-xvii.)

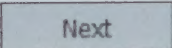
## INSTALLING ON A SINGLE COMPUTER

This section gives you instructions for installing Peachtree Complete Accounting 2011 (PCA) software. *You may need to check with your instructor to see if Peachtree has already been installed in the classroom or computer lab.* The site license for using the software is included on the Help menu. From Peachtree's menu bar, select Help; License Agreement. The Peachtree License Agreement appears.

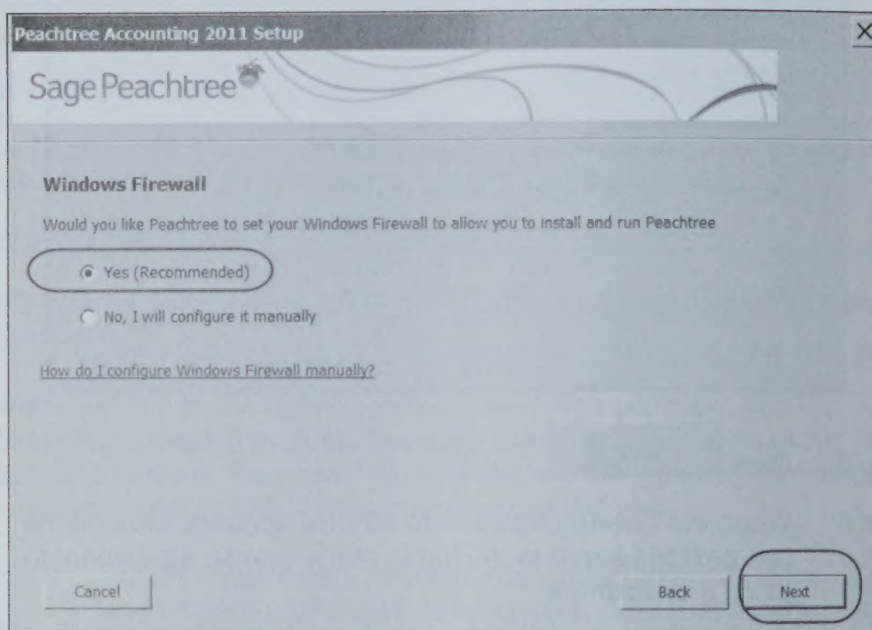
### Peachtree and Firewalls

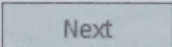
Peachtree and its database, Pervasive, can be mistakenly identified as an intrusion threat by many firewall and anti-virus programs. If not addressed properly, this may cause installation to fail or Peachtree may not start or run properly.

Go to this website to review information about firewalls and antivirus software, [www.peachtree.com/supportTraining/commonIssues/firewall/](http://www.peachtree.com/supportTraining/commonIssues/firewall/). The textbook's website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011) includes more information at the Frequently Asked Questions link to [How do I check my Firewall and Antivirus software.](#)

Step 6: Click .

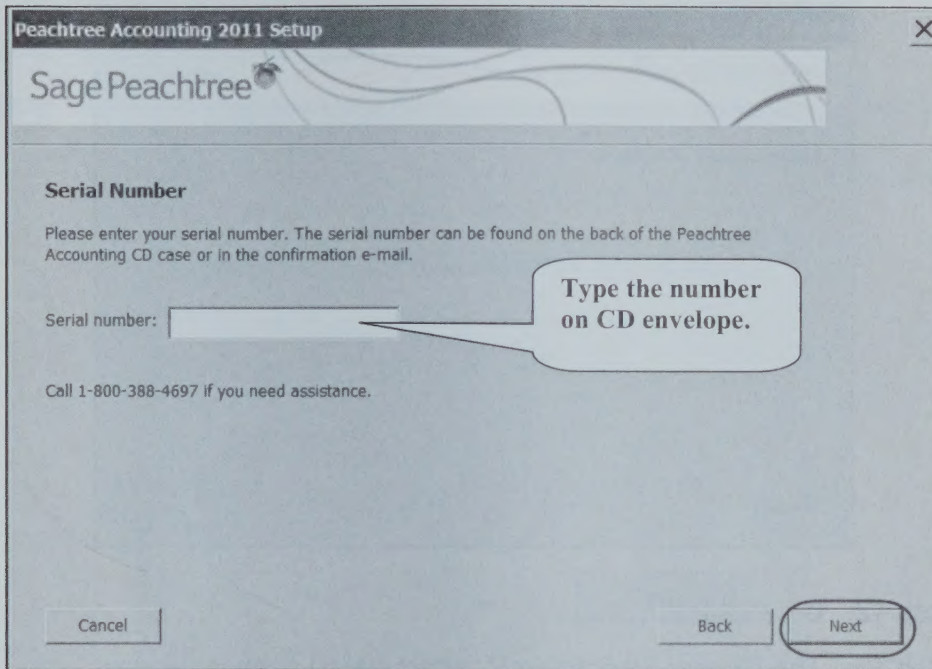
Step 7: The Windows Firewall window appears. Accept the default for Yes (Recommended).



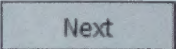
Step 8: Click . The Searching for Previous Installations window appears. This may take several minutes.

Step 9: The Serial Number window appears. Type the number shown on the CD envelope which is located on the inside front cover of the textbook. Compare your Serial Number window to the one shown below.



**Read Me: Serial Number/Software Registration**

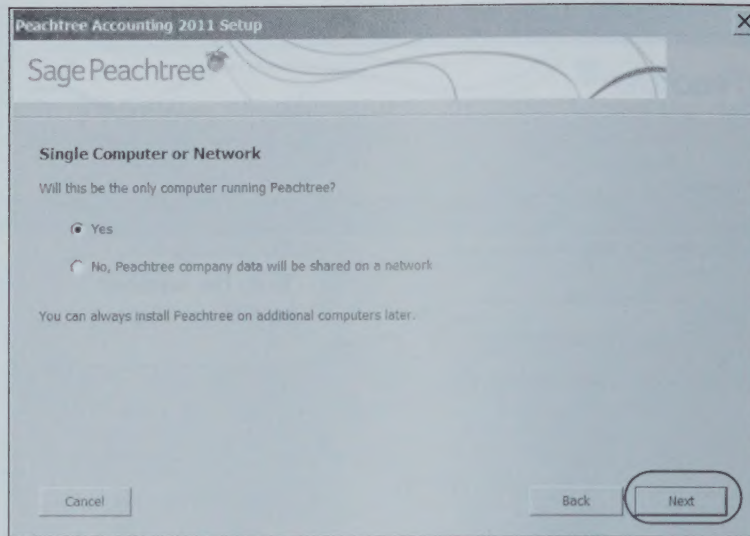
The serial number will be used when you register. In order to use Peachtree Complete Accounting 2011 without interruption, you must register the software. Detailed steps for software registration are on pages xv-xvii.

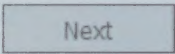
Step 10: Click .

Step 11: The Single Computer or Network window appears. Make the appropriate selection. Yes is the default for individual computers.

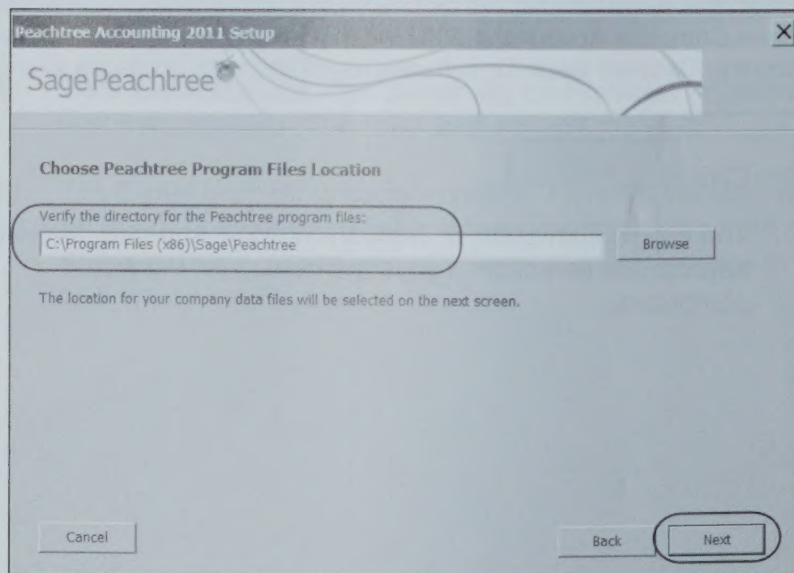
## x Software Installation

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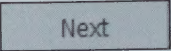


Step 12: Click .

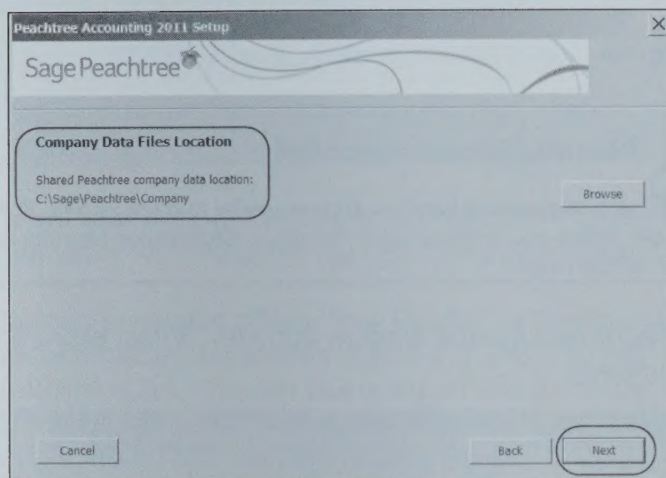
Step 13: The Choose Peachtree Program Files Location window appears. The author suggests accepting the default installation directory at C:\Program Files (x86)\Sage\Peachtree. (*Hint: Your directory may show C:\Program Files\Sage\Peachtree.*)

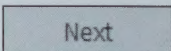


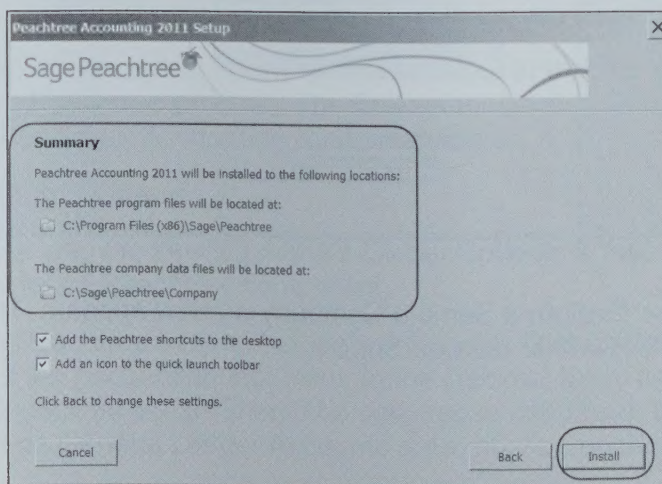


Step 14: Click .

Step 15: The Company Data Files Location window appears. Accept the default, C:\Sage\Peachtree\Company or click Browse to set another location. (*Hint: Your Company Data Files Location may differ. Refer to page xviii, step 2.*)

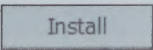


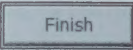
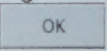
Step 16: Click . The Summary window appears. Read the information on the Summary window. (*Hint: Your program files and company data files may be in different locations. Refer to File Management, pages xvii-xviii.*)



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Step 17: Click . Peachtree starts to install. Be patient. Installation takes several minutes.

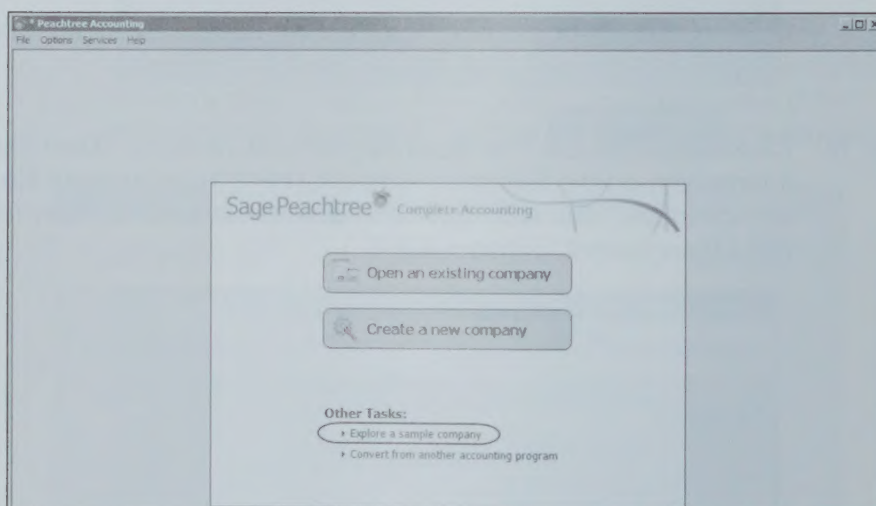
Step 18: Read the Installation Completed window. Observe that Start Peachtree Accounting is selected. Click . After a few minutes, a Product Enhancement Program window may appear. Read the information. Click .



### Read Me: Product Registration

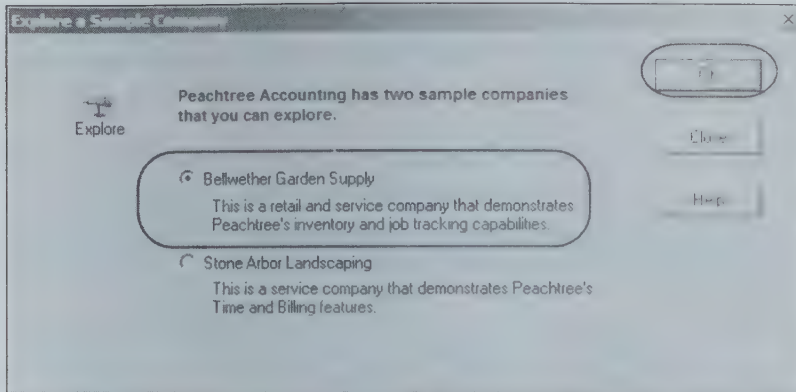
If a registration window appears, refer to page xv-xvii, Software Registration. When you register the software, a Registration Number and Customer ID is provided.

Step 19: Peachtree's startup window appears. Select explore a sample company.



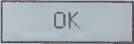
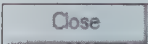
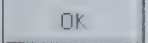
Step 20: The Explore a Sample Company window appears. The default is Bellwether Garden Supply.





**Troubleshooting:** Why doesn't my Explore a Sample Company window show the OK, Close, and Help buttons?

Screen resolution affects how Peachtree's windows look. The recommended screen resolution is 1024X768 with small fonts (refer to p. iv). You can use a higher resolution but some of the windows will look different. If you do not have an OK button, press <Enter> to start Bellwether Garden Supply.

Step 21: Click . After a few moments, the What's New in Peachtree 2011 window appears. Read the information. If you do not want this window to appear at startup, click on the box next to Do not display this screen again (lower left). Then, click . Click on the box next to Do not display this message again. Then, click  to exit the What's New in Peachtree window. The Bellwether Garden Supply - Peachtree Accounting window appears.

## Setting Global Options

Follow these steps to set Peachtree's Global Options. These options will be in effect for all Peachtree companies.

1. From Peachtree's menu bar, select Options; Global. If necessary, select the Accounting tab. (*Hint:* In the Decimal Entry area, Manual and 2 decimal places should be selected in each field; the boxes in the Hide General Ledger Accounts area *must* be unchecked; Warn

## xiv Software Installation

if a record was changed but not saved and Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry should be checked.)

Compare your Maintain Global Options/Accounting window to the one shown below. Make sure you have the same selections.

The screenshot shows the 'Maintain Global Options' window with the 'Accounting' tab selected. The 'Decimal Entry' section has 'Manual' selected. The 'Number of Decimal Places' section has 'Quantity fields' and 'Standard fields' dropdowns. The 'Hide General Ledger Accounts' section has checkboxes for 'Accounts Receivable (Quotes, Sales Orders, Proposals, In...', 'Accounts Payable (Purchase Orders, Purchases, Credit Mem...', and 'Payroll Entry'. The 'Other Options' section has checkboxes for 'Warn if a record was changed but not saved', 'Hide inactive records', 'Recalculate cash balance automatically, in Receipts', and 'Use Timeslips by Sage Accounting Link'. The 'When sorting transactions by date in most lists and reports' section has radio buttons for 'Reference Number' and 'Posting Order'.

2. Click the General tab. Make sure your screen matches the one shown below.

The screenshot shows the 'Maintain Global Options' window with the 'General' tab selected. The 'Improve Performance' section has checkboxes for 'Do not print full page length of reports in report reader', 'Do not show quantity on hand in inventory item lookup', 'Update the Business Status and Navigation', and 'Update reports automatically when records are saved'. The 'Line Item Entry Display' section has a checkbox for '1 click' and a dropdown menu. The 'Smart Data Entry' section has checkboxes for 'Automatic field completion' and 'Drop-down list displays automatically'.

3. Click . The selections made in global options are now set for all companies.



4. From Peachtree's menu bar, click File, Exit. If a User Account Control window appears, select Yes. If a Peachtree Update window appears, click No. Refer to pages xix-xx, Update Peachtree.
5. Remove the CD. Observe that four icons may have been set up on the desktop for Peachtree: Peachtree Accounting 2011, Peachtree Accounting 2011 Automatic Backup Configuration, Peachtree Knowledge Center, and Peachtree Business Checks and Forms.

## SOFTWARE REGISTRATION

Peachtree Complete Accounting 2011 requires software registration. After starting the software a few times, a Peachtree Registration window appears. When you register the software, a Registration Number and Customer ID is provided. Follow these steps to register.

1. Go online to [www.peachtree.com/register](http://www.peachtree.com/register). (You can also register the software by selecting Help from Peachtree's menu bar, then Peachtree Registration.)
2. In answer to the question Which product type are you registering?, select Sage Peachtree Complete Accounting.

Which product type are you registering?

Payroll Solution registration applies only to specific products. Please refer to list below for more information.

- ☐ Sage Peachtree Simple Payroll Plan \*\*
- ☐ Sage Peachtree Select Payroll Plan \*\*
- ☐ Sage Peachtree Fixed Assets Tax Update Service\*\*
- ☐ Sage Peachtree First Accounting
- ☐ Sage Peachtree Pro Accounting
- ☐ Sage Peachtree Pro Accounting with Payroll
- ☒ Sage Peachtree Complete Accounting
- ☐ Sage Peachtree Premium Accounting
- ☐ Sage Peachtree Premium Accounting - Accountants Edition
- ☐ Sage Peachtree Premium Accounting for Construction
- ☐ Sage Peachtree Premium Accounting for Distribution
- ☐ Sage Peachtree Premium Accounting for Manufacturing
- ☐ Sage Peachtree Premium Accounting for Nonprofits
- ☐ Sage Peachtree Quantum

\*\*Payroll Solution registration is required if you have installed a Sage Peachtree 2011 software program. If you are upgrading to Sage Peachtree 2011, registering your Sage Peachtree Select Payroll Plan will enable the Add-on below.

3. Click **Continue**. The Log On window appears. Write down your 8-20 character password.

The screenshot shows a registration window with the following elements:

- A speech bubble on the left containing the text: "To create account, complete fields".
- Form fields on the right: "New User?", "E-mail Address", "Confirm E-mail Address", "Password", and "Confirm Password".
- A "Create Account" button at the bottom center.

**Password:** \_\_\_\_\_

If you already have an account, complete the E-mail Address and password fields.

4. Follow the screen prompts to register.
5. Once you have completed the Serial Number (CD envelope inside front cover of the textbook), the Thank You for Purchasing a Peachtree Product window appears. Your registration number and Peachtree product Customer ID is shown.
6. Start Peachtree and open a sample company. From the menu bar, select Help, Peachtree Registration. The Peachtree Registration window appears.
7. Type the Registration Number and Customer ID shown on the Thank You for Purchasing a Peachtree Product window. Or, call 800-388-4697, 8:30am to 8:00pm, Eastern Time (outside the United States, call 770-492-6333) for your Registration Number and Customer ID. Click **OK**.



**NOTE:** After software registration, schools receive support at 1-800-609-4012. Individual, student support, is at the discretion of Sage Software.

8. The Thank you for registering Peachtree Accounting window appears. Click .

## COMPUTER LAB INSTALLATION

Before computer lab installation, make sure all former versions of Peachtree are deleted. Refer to Deleting Peachtree, page xix.

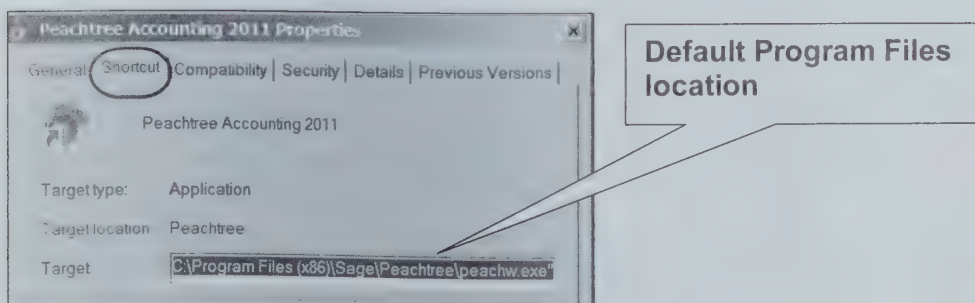
1. Peachtree Complete Accounting 2011 should be installed locally. Do *not* put on server.
2. Install software on local workstation then ghost (replicate) install. You can put the software on a standard lab image.

## FILE MANAGEMENT

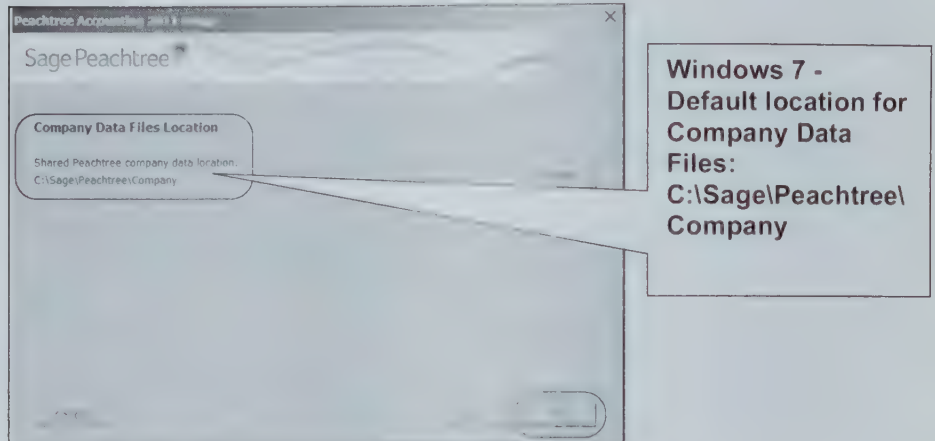
When Peachtree was installed two directories were set up (refer to steps 13-15, pages x-xi).

1. **Program Files Location:** The default directory where Peachtree is installed is C:\Program Files\Sage\Peachtree (step 13, page x).

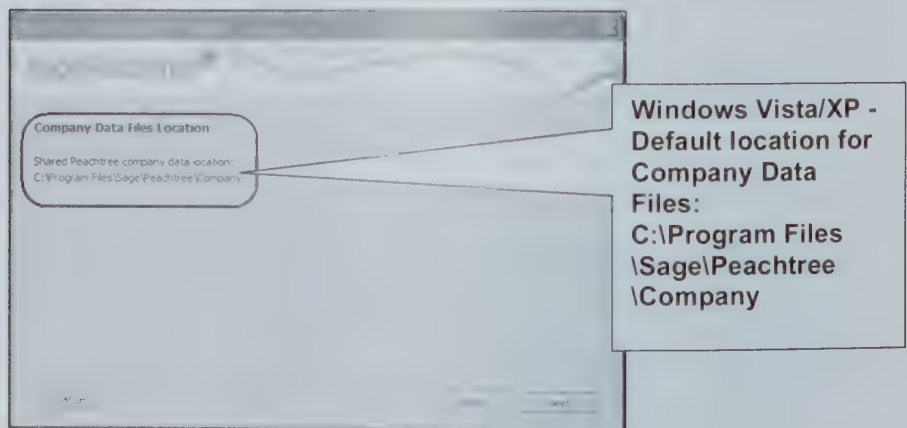
To see where Peachtree is installed, right-click on the Peachtree Accounting desktop icon; left-click Properties.



2. **Company Data Files Location:** On Windows 7, the default location for company data files is C:\Sage\Peachtree\Company (step 15, page xi).



On Windows Vista and XP, the default location for company data is C:\Program Files\Sage\Peachtree\Company. The directory field on the Maintain Company Information window shows where company data is stored (page 28).



Peachtree files can be backed up (saved) to various locations: the company data files default location, a USB drive, external media, or other location. Detailed steps for backing up are on pages 19-23.



## DELETING PEACHTREE

Follow these steps to delete Peachtree Complete Accounting 2011. (Use similar steps to delete Peachtree 2010.)

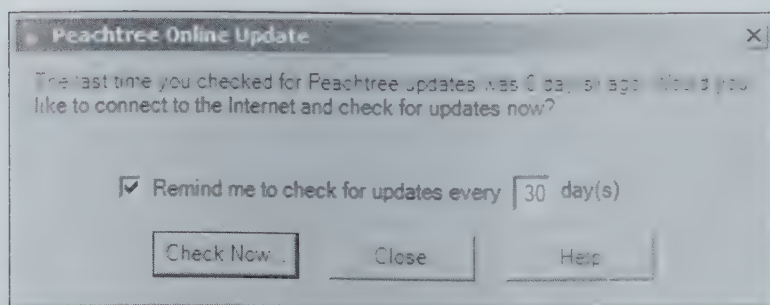
1. Insert the Peachtree CD.
2. When the Welcome to Peachtree Accounting window appears, select Remove or Modify Peachtree Accounting.
3. Select Peachtree Complete Accounting 2011.
4. Select Remove. Follow the screen prompts to remove Peachtree.

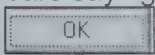
After removal, you may want to delete these folders: C:\Sage and C:\Program Files (x86)\Sage. Before removing the folders, backup data that you want to keep. Once the Sage folder is deleted, all company data files are removed. (*Hint:* In Windows Vista and XP, the Sage folder is within C:\Program Files.)

## UPDATE PEACHTREE

If a window appears saying that a software update is available, the author suggests that you follow the steps to Update Peachtree. You may also want to periodically check if an update is available.

1. Start Peachtree. From Peachtree's menu bar, select Services; Check for Updates.



2. Select Check Now. If a window appears saying There are no updates available at this time, click .

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Or, follow the screen prompts to install the update for Peachtree Complete Accounting 2011.

Another way to check for updates is to go to Peachtree's website at [www.peachtree.com](http://www.peachtree.com).

1. Before updating Peachtree, exit the program. Go online to [www.peachtree.com](http://www.peachtree.com).
2. Select the Support & Training tab. Select Updates & Upgrades.
3. Link to Download Product Updates. Then link to Sage Peachtree Complete Accounting.
4. As of this writing, **2011 Service Release 2** is available. To see information about the update, click on the plus (+) sign. Link to Download Service Release Updates Now. Follow the screen prompts to download the update.



# Preface

*Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15<sup>th</sup> Edition*, teaches you how to use Peachtree Complete Accounting 2011 software. For more than 35 years<sup>1</sup>, Peachtree by Sage has produced award-winning accounting software. Over 6.2 million customers use Sage software products. More than 13,000 employees work for Sage (<http://sage.com/ourbusiness/aboutus>). The Sage family of software products, which includes Peachtree Complete Accounting, is the leading global supplier of business management solutions and services. For more information about Sage's worldwide community, refer to page xxxii.

**In the United States and Canada, Peachtree is used by more than 3.1 million businesses.** Each year, tens of thousands of customers choose accountant-recommended Peachtree by Sage for their business needs. Why? Because Peachtree helps you do more to support the success of your business. Industries that use Peachtree include retail stores, healthcare, human resources/payroll, construction/real estate, transport/distribution, payment processing, not-for-profit, manufacturing, public utilities, legal, medical, and accounting firms.

In *Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15<sup>th</sup> Edition*, you learn about the relationship between Peachtree software and fundamental accounting principles, procedures, and business processes.



## Read Me: License Agreement

Install the software, Peachtree Complete Accounting 2011, included with the textbook, in the computer lab. This ensures software compatibility between the school and students' off-site installation. The site License Agreement is included on Peachtree's Help menu. For computer lab installation, see page xvii.

<sup>1</sup>Peachtree Software was available in 1976.

**System Requirements:** For system requirements, go online to <http://www.peachtree.com/productsServices/complete/system/>. Refer to pages iii-v.

### **IMPORTANT: Software Registration**

After a few times of starting Peachtree, a Register Peachtree Accounting window appears. Or, from the menu bar, select Help Peachtree Registration. After installing Peachtree, to obtain a Registration Number and Customer ID, call 1-800-388-4697, 8:30am to 5:00pm, Monday – Friday, Eastern Time; outside the U.S., 770-492-6333

Online registration is available 24 hours a day, 7 days a week at [www.peachtree.com/register](http://www.peachtree.com/register). (Refer to Software Registration, pages xv-xvii.) After software registration, schools receive support at 1-800-609-4012.

### **PEACHTREE COMPLETE ACCOUNTING 2011**

Each textbook includes a copy of the software Peachtree Complete Accounting 2011. A software site license is included for installation on individual or networked computers. (From Peachtree's Help menu, select License Agreement.) Install the software included with the textbook in the school's computer lab to ensure compatibility with the software that students install on their home or office computers.

**NEW** The software, *Peachtree Complete Accounting 2011*, is included with the textbook. Software updates are available. For software installation instructions, see pages v-xiii.

**NEW** Online Learning Center at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).

**NEW** Assessment rubrics, check your figures, question/answer templates.

**NEW** Peachtree's emphasis on double-entry accounting and business processes is explained throughout the textbook. Accounting skills are applied to all facets of running a business. Students create 12 companies, complete the accounting cycle, and practice computer accounting skills. **Assessment is emphasized in every chapter.**

**NEW** PowerPoint slides for Chapters 1-18 on the textbook's Online Learning Center at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011). PowerPoints include Assessment Rubrics and Analysis Questions.

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Chapters 1-18 include exporting Peachtree reports to Excel.

**NEW** *End-of-Chapter exercises include Check Your Figures, Assessment Rubrics, and Analysis Questions.*

**NEW** **Assessment Rubrics.** *Complete Assessment Rubrics to analyze transactions, identify journals and accounts debited and credited, review Peachtree's user interface, and complete financial statement analysis.*

**NEW** *File Management includes where Peachtree stores program and company data, including differences between Windows 7 and Vista/XP.*

**NEW** *Use Peachtree's import/export feature to copy lists into another company.*

**NEW** *Peachtree's modular system design is explained and compared to other accounting information systems.*

**NEW** *An accounting software diagram illustrates where Peachtree fits into the range accounting software applications.*



**NEW** *Peachtree is compared to QuickBooks and Microsoft Dynamics GP.*

*Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15<sup>th</sup> Edition, shows you how to set up service, merchandising, nonprofit, and manufacturing businesses. When the textbook is completed, you have a working familiarity with Peachtree Complete Accounting 2011 software. The Part 1, 2, 3, and 4 introductions include a chart showing the chapter number, backup and Excel file names, size in kilobytes of each file backed up or saved, and page numbers where each backup or Excel workbook is completed.*

Some of the **new** and continued features included in *Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15e*, are:

- ✳ **NEW!** The software, Peachtree Complete Accounting 2011, is included with every textbook. Software updates at startup and on the Services menu.
- ✳ **NEW! Software registration** is required. After software registration, free technical support is available for schools from Sage Software. Individual, student support, at the discretion of Sage Software.
- ✳ **NEW! Assessment Rubrics** online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
- ✳ **NEW! Check Your Figures.** In Chapters 1-18 and Projects 1-4, you can verify your work.



- \* **NEW!** Import lists to another company.
- \* **NEW!** Online Feature Quizzes and Flash Videos.
- \* Peachtree's modular system design is explained— includes how the user interface is organized into general ledger, accounts receivable, accounts payable, inventory, payroll, and job costing.
- \* Appendix B, Accounting Information Systems (AIS)— defines accounting information systems and compares Peachtree to other accounting software applications.
- \* Chapters include learning objectives, exercises, analysis questions, and assessment rubrics.
- \* **NEW!** Watch **flash videos** to review key software features at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011). The icon  indicates there is a flash video.
- \* Chapters include reminders to check the appropriate place in the data. This icon——reminds you to check your work.
- \* **NEW! Feature quizzes** at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011) review Peachtree's user interface.
- \* **NEW!** Interactive true/false and multiple choice quizzes.
- \* In Chapters 1-18, export reports to Excel.
- \* **Part 2**, Peachtree 2011 for Service Businesses— includes **3 chapters and two projects**—Chapter 9, New Company Setup and Beginning Balances; Chapter 10, Maintaining Accounting Records for Service Businesses; Chapter 11, Completing Quarterly Activities and Closing the Fiscal Year, and Projects 1 and 1A.
- \* **Part 4**, Advanced Peachtree 2011 Applications— includes **3 chapters and three projects**—Chapter 16, Customizing Forms; Chapter 17, Import/Export; and Chapter 18, Microsoft Word and Templates, Projects 3, 4, and 4A.
- \* Software installation, including serial number at the beginning of textbook, pages v-xiii. (The serial number is on the CD envelope.)
- \* Site License Agreement included on Help Menu for standalone and multi-user installations.
- \* **NEW! QA templates** online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011) include end-of-chapter questions and analysis questions.
- \* **NEW! Assessment rubrics** online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
- \* **NEW!** All instructions, screen captures, and detailed steps are consistent with Windows 7. Peachtree 2011 is compatible with Windows 7/Vista/XP.
- \* Navigation Bar includes Business Status: Customers & Sales, Vendors & Purchases, Inventory & Services, Employees & Payroll, Banking, Company.
- \* Navigation Centers for accessing information: recording transactions, drill down to reports, setup windows, and graphs.
- \* Enhanced Excel Integration.
- \* **NEW!** Expanded purchase orders, receiving reports, sales orders, and shipping notices.

- ✳ **NEW!** Improved customer and inventory management.
- ✳ **NEW!** Open multiple companies.
- ✳ Enhanced prior year reports. Information available for general ledger and financial statements for all closed years.
- ✳ Real-time error alerts. Alerts if you try to save a transaction with non-standard accounts payable or accounts receivable accounts.
- ✳ Free online backups for one year.
- ✳ Cash flow manager.
- ✳ Improved time and expense tracking.
- ✳ Payroll wizard.
- ✳ **NEW!** Enhanced password security, role-based features, audit trail and internal controls.
- ✳ Daily customer balances on sales and customers windows.
- ✳ Custom date-range filtering and enhanced report options.
- ✳ Restore Wizard lets you restore An Existing Company or A New Company.
- ✳ Smart sort for account identification.
- ✳ **NEW!** E-mail reports, financial statements, and add attachments.
- ✳ **NEW!** Design tools for report customization.
- ✳ Set up **12 new** service, merchandising, nonprofit, and manufacturing businesses.

## **PART 1: EXPLORING PEACHTREE COMPLETE ACCOUNTING 2011**

There are two sample companies included with the software: Bellwether Garden Supply and Stone Arbor Landscaping. Bellwether Garden Supply is a retail and service company that demonstrates Peachtree's inventory and job tracking capabilities. Stone Arbor Landscaping is a service company that demonstrates time and billing features.

Each part of the textbook includes an introduction. Refer to pages 1 and 2 for an overview of Part 1. Page 2 includes a chart showing chapter numbers, files backed up and saved, file sizes, and page numbers where work was completed.

Part 1, Chapters 1-8, shows how to export Peachtree reports to Excel. Peachtree's system design is explained. This includes how Peachtree's user interface is organized into general ledger, accounts receivable, accounts payable, inventory, payroll, and job costing modules.

In Part 1 of the textbook, you complete eight chapters that demonstrate how Peachtree is used. This introduces you to the procedures that will be used with all the chapters of the textbook.

**NEW** Chapter 1, Introduction to Bellwether Garden Supply, includes Peachtree's Navigation Centers and Restore Wizard for opening new or existing companies. *New menu bar selections are explained. Bellwether Garden Supply is updated to March 2011.*

**NEW** Chapter 2, Vendors, shows you how to view accounts payable lists and reports from the Vendors & Payables Navigation Center as well as custom date filtering and how to add columns to reports. New sections include Receive Inventory from a Purchase Order and Apply to Purchase Order. Explanation of Peachtree's accounts payable system.

**NEW** *In Chapters 2-18, the summary and review includes Assessment Rubrics.*

Chapter 3, Customers, shows you how to view customer lists and reports from the Customers & Sales Navigation Center as well as custom date filtering and how to add columns to reports. Chapter 3 includes Sales Orders and Ship Items from a Sales Order. Explanation of Peachtree's accounts receivable system.

Chapter 4, Employees, shows you how to navigate Peachtree's Employees & Payroll system.

Chapter 5, General Ledger, Inventory, and Internal Control, shows you Peachtree's budget feature, how selected access for security is used, internal controls, and audit trail. Explanation of Peachtree's inventory system is also included.

Chapter 6, Job Cost, shows you how to use Peachtree's job cost system.

Chapter 7, Financial Statements, shows the result of work completed in Chapters 1-6.

Chapter 8, Stone Arbor Landscaping Time & Billing, you work with a service company that demonstrates Peachtree's time and billing features.

## **PART 2: PEACHTREE COMPLETE ACCOUNTING 2011 FOR SERVICE BUSINESSES**

Chapters 9, 10, 11, Project 1, and Project 1A are included in this section of the textbook. The work completed in Chapter 9 is continued in Chapters 10 and 11. The accounting cycle is completed for the fourth quarter of the year.



For an overview of Part 2, refer to pages 277-280. Pages 279-280 includes a chart showing chapter numbers, files backed up and saved, file sizes, and page numbers where work was completed.

**NEW** *In Chapter 9, New Company Setup and Beginning Balances, you set up two service companies—Mike Parry Designer and Art by Student Name—with Peachtree’s simplified chart of accounts. You use Peachtree’s new Company Setup Wizard and enter beginning balances. The companies set up in Chapter 9 continue in Chapters 10 and 11. In Chapter 10, Maintaining Accounting Records for Service Businesses, you record entries for October in the Write Checks and Receipts windows, use Peachtree’s enhanced account reconciliation feature and print reports. You also save reports in Excel format.*

Chapter 11, Completing Quarterly Activities and Closing the Fiscal Year, you complete transactions for November and December, record adjusting entries, print financial statements, and close the fiscal year.

**NEW** *Exercises 9-1 through 11-2 include three months of transactions, account reconciliation, adjusting entries, financial statements, Peachtree’s closing procedure, Check Your Figures, Assessment Rubrics, and Analysis Questions.*

**NEW** *Project 1, Sharon Albert, Accounting, is a comprehensive project that reviews what you learned in Chapters 9, 10, and 11.*

Project 1A, Student-Designed Service Business, shows you how to design a service business from scratch. You set up the business, choose a chart of accounts, create a Balance Sheet, write business transactions, complete the computer accounting cycle, and close the fiscal year.

### **PART 3: PEACHTREE COMPLETE ACCOUNTING 2011 FOR MERCHANDISING BUSINESSES**

Chapters 12, 13, 14, 15, Project 2, and Project 2A are included in this section of the textbook. Students set up two merchandising businesses in Chapter 12—Samantha’s Service Merchandise and Student Name Sales & Service. The work started in Chapter 12 is continued in Chapters 13, 14 and 15.

For an overview of Part 3, refer to pages 431-433. Pages 432-433 includes a chart showing chapter numbers, files backed up and saved, file sizes, and page numbers where work was completed.

In Chapter 12, Vendors & Purchases, use Peachtree's accounts payable system, record inventory purchases and payments from vendors, set up vendor defaults to automatically track purchase discounts, and use vendor credit memos for purchase returns.

In Chapter 13, Customers & Sales, use Peachtree's accounts receivable system, record cash and credit sales and receipts from customers, set up customer defaults, use credit memos for sales returns.

Chapter 14, Inventory & Services, shows you how to use Peachtree's inventory system.

**NEW** *Chapter 15, Employees, Payroll and Account Reconciliation, shows how to use Peachtree's payroll system and reconcile accounts. After copying the TAXTABLE.DAT file, Peachtree's payroll system includes automatic payroll tax calculations. Account reconciliation shows you how Peachtree's Accounts Payable, Accounts Receivable, Inventory, and General Ledger systems work together. Chapter 16 includes bank statements for both the checking and payroll accounts.*

**NEW** *Exercises 12-1 through 15-2 include Check Your Figures, Assessment Rubrics, and Analysis Questions.*

**NEW** *Project 2, Georgia Sports, is a comprehensive project that incorporates what you have learned in Chapters 12 through 15.*

Project 2A, Student-Designed Merchandising Business, asks you to create a merchandising business from scratch.

## **PART 4: ADVANCED PEACHTREE COMPLETE ACCOUNTING 2011 APPLICATIONS**

Chapters 16, 17, 18, Project 3, Project 4, and Project 4A are included in this section of the textbook. Chapter 16, Customizing Forms, shows you how to use Peachtree's design tools. Chapter 17, Import/Export, shows you how to export data from Peachtree to a word processing program and how to import lists into a company. In Chapter 18, Microsoft Word

and Templates, you copy a Peachtree report to Word and look at vendor, customer, and employee templates included with the software. Chapter 18 also includes searching Peachtree's Knowledge Center.

For an overview of Part 4, refer to pages 667-668. Page 668 includes a chart showing chapter numbers, files backed up and saved, file sizes, and page numbers where work was completed.

Chapter 16, Customizing Forms, includes design tools for report customization.

**NEW** *Chapter 17, Import/Export, includes how to import a chart of accounts into another company and exporting to a word processing program.*

Chapter 18, Microsoft Word and Templates, includes copying reports to Word, using templates, the write letters feature, and search Peachtree's Knowledge Center.

**NEW** *Project 3, Norcross Computer Club, is a nonprofit business.*

**NEW** *Project 4, RW Manufacturing, is the culminating project in your study of Peachtree Complete Accounting 2011.*

Project 4A, Student-Designed Project, instructs you to write another month's transactions for one of the four projects completed.

Appendix B, Accounting Information Systems (AIS). This appendix defines an accounting information system, and compares Peachtree's user interface and modular system design to other accounting software applications. An accounting software diagram illustrates where Peachtree fits into the range of accounting software applications.



## CONVENTIONS USED IN TEXTBOOK

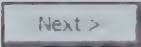
As you work through *Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15e*, you should read and follow the step-by-step instructions. Numerous screen illustrations help you to check your work.

The following conventions are used in this textbook:

1. Information that you type appears in boldface; for example, Type **Supplies** in the Account ID field.



2. Keys on the keyboard that should be pressed appear in angle brackets; for example, <Enter>.
3. When you see this icon , there is a flash video on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition link. Select the appropriate chapter, link to Flash Videos, and then select the video.
4. This icon——reminds you to check the Peachtree work completed.
5. Unnamed buttons and picture icons are shown as they actually appear on the screen.

Examples:  (Next button)

 (Display icon)

## PEACHTREE'S KNOWLEDGE CENTER

When Peachtree is installed, an important resource is included, Peachtree's Knowledge Center. A desktop icon identifies it.



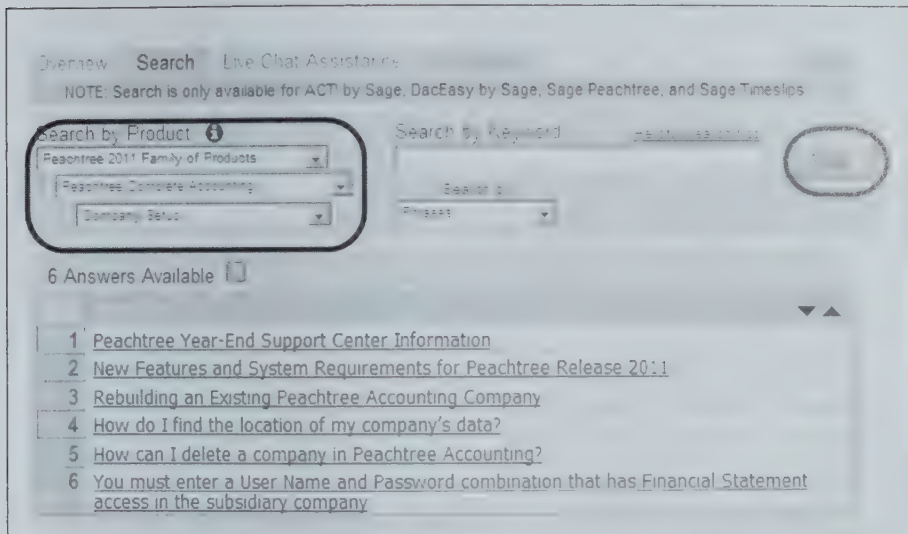
The Knowledge Center offers help for the most frequently asked Peachtree questions. You can search by product category, keywords, Answer ID or phrases. Feedback can also be emailed to Peachtree.

An example follows for completing a Knowledge Center search:

1. Select the desktop icon for the Peachtree Knowledge Center. The Support & Training website appears. The Online Help section is shown below. The web site location is <http://www.peachtree.com/supportTraining/findAnswers/liveChat/>.
2. Link to Search Knowledgebase.

Search criteria can be selected in the Search by Product fields. An example is shown on the next page. The Search by Product field includes: Peachtree 2011 Family of Products; All Subs includes Peachtree Complete Accounting; another All Subs includes

Company Setup. When  was selected, six answers are available (as of this writing).



3. To complete this query, select one of the summary links; for example, [New Features and System Requirements for Peachtree Release 2011](#).
4. Select the [click here](#) link for Peachtree Complete Accounting. This link takes you to the Products & Services page for Sage Peachtree Complete Accounting. A link for System Requirements is shown on the left side of the page (as of this writing).
5. Link to System Requirements. The System Requirements page is shown. The web site is located at <http://www.peachtree.com/productsServices/complete/system/>.
6. Go back to the Knowledgebase. (Click twice on the back button.) Other searches can be done. Use the Peachtree's knowledgebase to complete searches.

The textbook ends with four appendixes: Appendix A, Troubleshooting; Appendix B, Accounting Information Systems; Appendix C, Review of Accounting Principles; and Appendix D, Glossary. Appendixes A and D are included on the textbook's Online Learning Center at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).

Each chapter in the textbook ends with an index. The index at the end of the textbook is an alphabetic listing of the chapter indexes.

### Sage's Worldwide Community

<http://sage.com/ourbusiness/aboutus/ourproducts.htm>

Industry	North America	United Kingdom & Ireland	Mainland Europe	Rest of World
Healthcare	•			
HR & Payroll	•	•	•	•
Construction/Real Estate	•	•	•	•
Transport/Distribution	•		•	•
Payment Processing	•	•		•
Accountancy	•	•	•	•
Non-for-Profit	•		•	
Manufacturing	•	•	•	•
Retail	•	•	•	•
Automotive Distribution			•	

About the Author: [carol@carolyacht.com](mailto:carol@carolyacht.com)

**Carol Yacht** is a textbook author and accounting educator. Carol is the author of Peachtree, QuickBooks, Microsoft Dynamics-GP, and Excel textbooks, and the accounting textbook supplement, Carol Yacht's General Ledger and Peachtree DVDs ([www.mhhe.com/yacht](http://www.mhhe.com/yacht)). Carol taught on the faculties of California State University-Los Angeles, West Los Angeles College, Yavapai College, and Beverly Hills High School. To help students master accounting principles, procedures, and business processes, Carol includes accounting software in her classes.

Carol contributes regularly to professional journals and is the Accounting Section Editor for *Business Education Forum*, a publication of the National Business Education Association. She is also the Editor of the American Accounting Association's Teaching, Learning, and Curriculum section's *The Accounting Educator*.

Carol Yacht was an officer of AAA's Two-Year College section and recipient of its Lifetime Achievement Award. She is a member of the Microsoft Dynamics Academic Alliance Advisory Council, worked for IBM Corporation as an education instruction specialist, served on the AAA Commons Editorial Board, and NBEA's Computer Education Task Force. She is a frequent speaker at state, regional, and national conventions.

Carol earned her MA degree from California State University-Los Angeles, BS degree from the University of New Mexico, and AS degree from Temple University.



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The Timetable for Completion on the next page is a guideline for in-class lecture/discussion/demonstration and hands-on work. Work not completed in class is homework. In most Accounting classes, students can expect to spend approximately two hours outside of class for every hour in class.

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TIMETABLE FOR COMPLETION		Hours
<b>Part 1: Exploring Peachtree Complete Accounting 2011</b>		
Chapter 1	Introduction to Bellwether Garden Supply	2.0
Chapter 2	Vendors	1.0
Chapter 3	Customers	1.0
Chapter 4	Employees	1.0
Chapter 5	General Ledger, Inventory, and Internal Control	1.0
Chapter 6	Job Cost	2.0
Chapter 7	Financial Statements	1.0
Chapter 8	Stone Arbor Landscaping: Time & Billing	1.0
	<i>Subtotal Part 1</i>	10.0
<b>Part 2: Peachtree Complete Accounting 2011 for Service Businesses</b>		
Chapter 9	New Company Setup and Beginning Balances	2.0
Chapter 10	Maintaining Accounting Records for Service Businesses	2.0
Chapter 11	Completing Quarterly Activities and Closing the Fiscal Year	1.5
Project 1	Sharon Albert, Accounting	1.5
Project 1A	Student-Designed Service Business	2.0
	<i>Subtotal Part 2</i>	9.0
<b>Part 3: Peachtree Complete Accounting 2011 for Merchandising Businesses</b>		
Chapter 12	Vendors & Purchases	3.0
Chapter 13	Customers & Sales	2.5
Chapter 14	Inventory & Services	2.0
Chapter 15	Employees, Payroll, and Account Reconciliation	2.0
Project 2	Georgia Sports	3.5
Project 2A	Student-Designed Merchandising Business	3.0
	<i>Subtotal Part 3</i>	16.0
<b>Part 4: Advanced Peachtree Complete Accounting 2011 Applications</b>		
Chapter 16	Customizing Forms	1.0
Chapter 17	Import/Export	1.0
Chapter 18	Microsoft Word and Templates	1.0
Project 3	Norcross Computer Club	1.0
Project 4	RW Manufacturing	4.0
Project 4A	Student-Designed Project	2.0
	<i>Subtotal Part 4</i>	10.0
<b>TOTAL HOURS: PARTS 1, 2, 3, 4</b>		<b>45.0</b>

# Part 1

## Exploring Peachtree Complete Accounting 2011

Part 1 introduces the basic features of Peachtree Complete Accounting 2011. The purpose of Part 1 is to become familiar with the software rather than test accounting knowledge. Beginning with Chapter 9, computer accounting skills are reviewed in more depth. In Chapters 9-18 and Projects 1-4A, eleven businesses are set up from scratch. Part 1, Chapters 1-8, introduces two sample companies that are included with the software.

- Chapter 1: Introduction to Bellwether Garden Supply
- Chapter 2: Vendors
- Chapter 3: Customers
- Chapter 4: Employees
- Chapter 5: General Ledger, Inventory, and Internal Control
- Chapter 6: Job Cost
- Chapter 7: Financial Statements
- Chapter 8: Stone Arbor Landscaping—Time & Billing

The instructions in this book were written for Peachtree Complete Accounting 2011 (abbreviated **PCA**). PCA requires Windows 7, Vista, or XP Service Pack 2. Multi-user mode is optimized for Windows Server 2003 or Windows Server 2008 client-server networks, and Windows XP/Vista/7 peer-to-peer networks.

**Windows**<sup>1</sup> uses pictures or **icons** to identify tasks. This is known as a **user interface (UI)**, also known as the **graphical user interface (GUI)**. For example, PCA uses common icons or symbols to represent tasks: a disk for saving, a question mark for help, a printer for printing, an envelope for email, etc. A **mouse**, **touchpad** or other pointing device is used to perform various tasks.

Software design can be described by the acronym **WIMP** -- Windows, Icons, Menus, and Pull-downs.

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<sup>1</sup> Words that are boldfaced and italicized are defined in Appendix D, Glossary.



## 2 Part 1: Exploring Peachtree Complete Accounting 2011

The chart below shows the sizes of the backups and Excel files saved in Part 1. (Excel 2007 and 2010 files end in an .xlsx extension; Excel 2003 and below, the extension is .xls.) *Backups can be made to the desktop, hard drive location, network location, or external media—USB drive, CD-RW drive or DVD-RW drive.*

Chapter	Backup (.ptb) Excel (.xlsx)	Kilobytes <sup>2</sup>	Page Nos.
1	bgs.ptb <sup>3</sup>	3,663 KB	19-23
	Chapter 1.ptb	3,658 KB	43-44
	Chapter 1_Employee List.xlsx	14 KB	45-47
	Exercise 1-2.ptb	3,714 KB	53-54
	Exercise 1-2_Employee List.xlsx	13 KB	54
	Exercise 1-2_Chart of Accounts.xlsx	16 KB	54
2	Chapter 2.ptb	3,693 KB	88
	Chapter 2_Vendor List and Ledgers.xlsx	21 KB	88-90
	Exercise 2-2.ptb	3,719 KB	96-97
	Exercise 2-2_Vendor List and Ledgers.xlsx	21 KB	97
3	Chapter 3.ptb	3,725 KB	136-137
	Exercise 3-2.ptb	3,722 KB	141
	Exercise 3-2_Customer Ledgers.xlsx	18 KB	141
4	Chapter 4.ptb	3,778 KB	163-164
	Exercise 4-2.ptb	3,794 KB	168
	Exercise 4-2_Payroll Check Register.xlsx	13 KB	168
5	Chapter 5.ptb	3,774 KB	205-206
	Exercise 5-2.ptb	3,775 KB	210
	Exercise 5-2_General Ledger Trial Balance.xlsx	15 KB	210
6	Chapter 6.ptb	3,842 KB	223
	<b>Exercise 6-2.ptb<sup>4</sup></b>	3,839 KB	228
	Exercise 6-2_Job Profitability Report.xlsx	16 KB	228
7	No Peachtree backups in Chapter 7	--	--
	Chapter 7_Financial Statements.xlsx	39 KB	248-250
8	Chapter 8.ptb	1,989 KB	267-268
	Chapter 8_Time Ticket Register.xlsx	14 KB	268-270



### Read Me: Problem Backing Up to USB Drive

If you encounter difficulties backing up to an external USB drive, backup to the desktop first. Then, copy the backup file from the desktop to the USB drive. Refer to Appendix A, Problem Backing Up to USB Drive or other External Media, pages 771-772. *Updating Peachtree may resolve backup problems; refer to pages xix-xx.*

<sup>2</sup>Your backup sizes may differ.

<sup>3</sup>This is the first backup and includes starting data for Bellwether Garden Supply.




<sup>4</sup>The **Exercise 6-2.ptb** backup file is used in Part 4, Chapters 16, 17, and 18. If necessary, backup to external media. Do *not* delete the Exercise 6-2.ptb file.

## Chapter

# 1

## Introduction to Bellwether Garden Supply

### LEARNING OBJECTIVES

1. Start Peachtree Complete Accounting 2011 (PCA).<sup>1</sup>
2. Explore the sample company, Bellwether Garden Supply.
3. Make sure global options are set .<sup>2</sup>
4. Back up Bellwether Garden Supply data .
5. Restore data with Peachtree's restore Wizard .
6. Operate Peachtree's menus, drop-down lists, toolbar, and navigation bar.
7. Use Windows Explorer to locate installation and data directories.
8. Export Peachtree reports to Excel.
9. Complete the Internet activity online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
10. Make three backups and save three Excel files.<sup>3</sup>


Peachtree Complete Accounting 2011 (PCA) is similar to other programs that use Windows. These similarities relate to menus and windows, entering and saving data, and selecting icons. If you are not familiar with Windows, using PCA will help you become familiar with the Windows operating system.

### MOUSE AND KEYBOARD BASICS

One of the first decisions is whether to use the mouse or keyboard. The instructions in this book assume that you are using a mouse. When the word click is used in the instructions, it means to use the mouse, but you

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<sup>1</sup>If Peachtree Complete Accounting 2011 is not installed, refer to pages v-xiii. The sample companies must be installed to complete Chapters 1-8.

<sup>2</sup>This icon, , means there is a Setting Global Options flash video. Go online to [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011). Link to Student Edition, select Chapter 1, Flash Videos, Setting Global Options.

<sup>3</sup>Refer to the chart on page 2 for the size of files backed up and saved.

## 4 Chapter 1

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can also use the keyboard. The instructions below explain how to use the mouse or keyboard.

### Using the Mouse

- To single click: position the mouse cursor over the selection and click the left mouse button once.
- To double-click: position the mouse cursor over the selection and click the left mouse button twice, quickly.
- Use the right mouse button the same way as the left mouse button.

### Using the Keyboard

- If there is an underlined letter on the menu bar, hold down the **<Alt>**<sup>4</sup> key and the underlined letter to make the selection. (*Hint: Press the <Alt> key to underline menu bar letters.*)
- If you have already held down the **<Alt>** key and the underlined letter and more selections appear with underlined letters, just type the underlined letter to select the item.

### Using Shortcut Keys

**Shortcut keys** enable you to perform common operations by using two or more keys together. The shortcut keys are shown below and on the next page.

<Ctrl> + <Letter> Shortcuts	
<Ctrl> + <X>	Cut
<Ctrl> + <C>	Copy
<Ctrl> + <V>	Paste
<Ctrl> + <E>	Delete Record
<Ctrl> + <F>	Find
<Ctrl> + <D>	Find Next
<Ctrl> + <N>	New Company
<Ctrl> + <O>	Open Company
<Ctrl> + <B>	Back Up Company
<Ctrl> + <R>	Restore Company
<Ctrl> + <P>	Print Displayed Report, Invoices, Quotes, etc.

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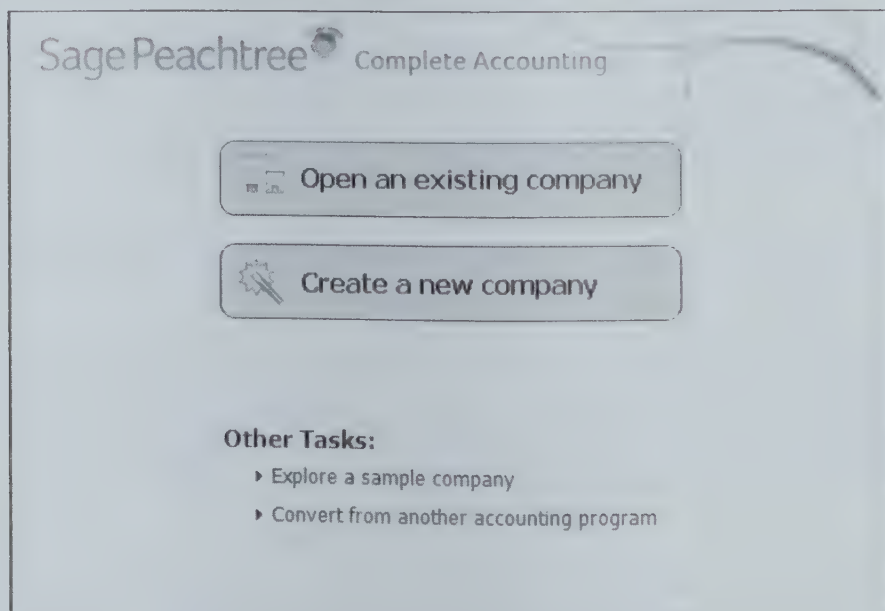
<sup>4</sup>The angle brackets are used around words to indicate individual keys on your keyboard; for example, **<Alt>** is for the Alternate key, **<Enter>** for the Enter/Return key, **<Ctrl>** is for the Control key, **<Esc>** is for the Escape key.

Key Shortcuts	
<F1>	Displays the online Help topic for current window
<Shift> + <F1>	Changes mouse pointer to What's This Help selector
<F3>	Find transactions
<F5>	Saves records and posts (or saves) transactions in certain windows
<F7>	Check spelling
<F10>	Toggles between open window and menu bar
<CTRL> + <F4>	Close current document window
<ALT>+<F4>	Closes the application window
<CTRL> + <F6>	Moves to next window
<Shift> + <CTRL>+F6	Moves to the previous window

To learn more about Peachtree's shortcuts, use Peachtree's Help menu. From the menu bar, select Help; Peachtree Accounting Help. Select the Index tab. Type **Keyboard Shortcuts** in the keyword field, then display Peachtree Keyboard Shortcuts. Additional links are listed in the Related topics and What do you want to do next? areas of the help window.

## PCA'S STARTUP WINDOW

Peachtree's startup window displays a number of options.






## 6 Chapter 1

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From the startup window, you can Open an existing company, Create a new company, Explore a sample company, and Exit from another accounting program.

Observe that the top-left of the Peachtree Accounting window has four

menu-bar options—

To exit from the startup window select File Exit or click on the  on the upper right-hand side of the Peachtree Accounting window.






### Comment

The illustrations in this textbook were done with Windows 7 and Peachtree Complete Accounting 2011.

## THE WINDOWS ENVIRONMENT

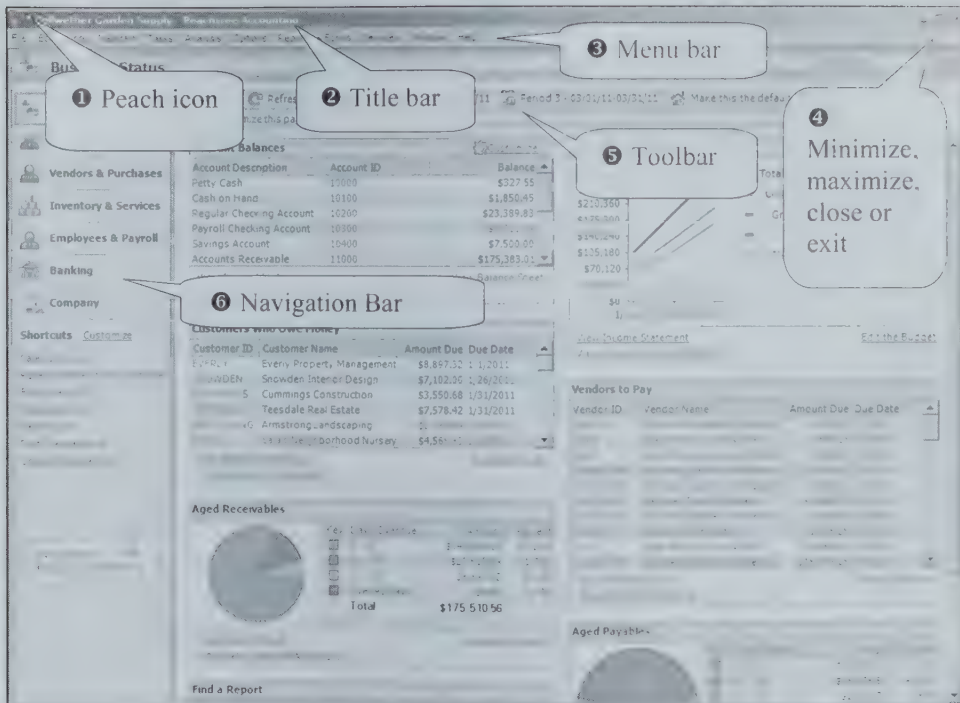
One of the benefits of Windows is that it standardizes terms and operations used in software programs. When you learn how to move around PCA, you also know how to use most Windows applications.

To learn more about the Windows environment, let's look at a PCA window. On the next page, the Peachtree Accounting window shows the **Business Status Navigation Center (aka Dashboard)** and the menu bar for Bellwether Garden Supply.

For now, let's study the parts of Peachtree's Business Status Navigation Center. Some features are common to all software programs that are written for Windows. For example, in the upper right corner there is the Minimize  button, Double Window  button, and the Exit or Close  button. The title bar, window border, and mouse pointer are also common to Windows programs. Other features are specific to PCA: menu bar, toolbar, and the Navigation Bar at the left side of Peachtree's main window which offers access to the Navigation Centers.

PCA includes a Navigation Bar on the left side of the window with seven selections: Business Status, Customers & Sales, Vendors & Purchases,

Inventory & Services, Employees & Payroll, Banking, and Company. The Navigation Bar selections open PCA's Navigation Centers. For example, the Business Status selection opens the Business Status Navigation Center. The content of the Navigation Centers differ depending on the selection from the Navigation Bar. The Business Status Navigation Center is shown below.














- ❶ **Peach icon:** Click on the Peach icon and a menu appears with options such as: Restore, Move, Size, Minimize, Maximize, Close. (Words that are gray are selections that are inactive.)
- ❷ **Title Bar:** The bar is at the top of the window. When a company is open in PCA, the name of the company is displayed on the Title Bar. If your window is minimized, you can put your mouse on the Title Bar, click and hold the left mouse button and drag the window around the **desktop**. The title bar shows Bellwether Garden Supply – Peachtree Accounting.
- ❸ **Menu Bar:** In PCA 2011, there are 11 menu bar selections. If your menu bar selections have underlined letters, that means you can

## 8 Chapter 1

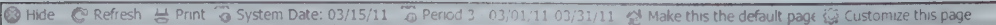
---

make a selection by typing **<Alt>** and the underlined letter. For example, if you press the **<Alt>** key then press the **<F>** key, the menu bar shows underlined letters as well as the drop-down menu. You can also click with your left-mouse button on the menu bar headings to see a submenu of options.

- ④ Minimize , Double Window , or Maximize , and Close or Exit  buttons: Clicking once on Minimize , reduces the window

to a button on the **taskbar**. In Windows 7, the  button and taskbar are located at the bottom of the window. Clicking once on Double Window  returns the window to its previous size. This button appears when you maximize the window. After clicking on the Double Window  button, the symbol changes to the Maximize  button. Click once on the Maximize  button to enlarge the window. Click once on the Exit or Close  button to close the window, or exit the program.

- ⑤ Toolbar: The gray bar<sup>5</sup> to the right of the Business Status button shows the following selections: Hide, this allows you to hide the Navigation Centers; Refresh, you can update account balances; Print, you can print the Business Status Navigation Center; System Date; Period for accounting records (Bellwether defaults to Period 3 – 03/01/11-03/31/11); Make this the default page; Customize this page. (When Business Status is selected, this toolbar appears.)



- ⑥ Navigation Bar: Peachtree's Navigation Bar includes seven selections. These selections open the Business Status, Customers & Sales, Vendors & Purchases, Inventory & Services, Employees & Payroll, Banking, and Company Navigation Centers.

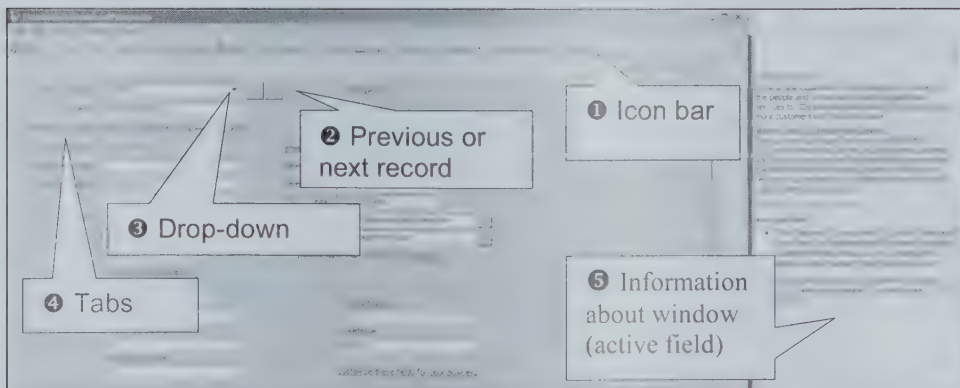
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<sup>5</sup>Window colors may differ. Check with your instructor if you have a question.

## TYPICAL PCA WINDOWS

When you make a Navigation Bar selection, access is provided to the Navigation Center for each area of the program. For example, Customers & Sales is selected, a workflow diagram is shown for Customers & Sales tasks, and links to related areas. There is also a tab for Customer Management.

The Maintain Customers/Prospects window is shown below. Information about customers is entered into the Maintain Customers/Prospects window. The illustration below is the Maintain Customers/Prospects window, one that is typical of PCA. There are four sections on this window: ❶ the icon bar, ❷ Previous or next record, ❸ drop-down lists (down arrow), ❹ tabs, ❺ information about window.



- ❶ **Icon bar<sup>6</sup>**: The icon bar shows pictures of commands or additional information that pertains to the window. Some icons are common to all windows while other icons are specific to a particular window. The icons included in the Maintain Customers/Prospects window are:



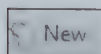
**Close**: This closes the window without saving any work that has been typed since the last time you saved.

<sup>6</sup>Notice that familiar business items are used for icons: disk for Save, an X for Delete, a calendar for Event.



## 10 Chapter 1

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New: New record or customer.



List: List of customers.



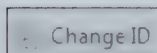
Save: This saves information you have entered such as addresses, telephone numbers, contacts for vendors, customers, employees, etc.



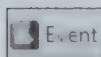
Save & New: Save the record and go to a new, blank record.



Delete: If you select this while using a selection from the Maintain menu, the record (customer, vendor, etc.) will be deleted. When you're finished deleting, select Close, in order to delete the records.



Change ID: When a customer record is displayed on the window, you may change the information for that customer.



Event: Select this button in various maintenance windows to create an event. The Create Event window allows you to schedule an event for a customer/prospect, vendor, or employee/sales representative. You can also use the Event log to record notes about telephone calls, meetings, letters, etc. You use this to create a listing of future activity as well.



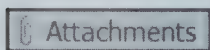
Log: This shows you events recorded for an individual over a range of time that you specify. You can **filter** this list to see only certain types of activities and whether they're completed or not. You can mark activities as completed by placing a mark in the far left column. Double-clicking on any of the **line items** will take you to the Create an Event window. Line items appear on many of Peachtree's windows. On color monitors, a magenta line is placed around the row (line item) you select.



**Letters:** Select this button to process a mail merge for the currently opened record.



**Reports:** If you click on the down-arrow on the Reports icon, you can select the following customer reports—Aged Receivables, Customer Transaction History, Customer Ledgers, Items Sold to Customers, Job Ledger, Quote Register, Sales Order Register, and Ticket Listing by Customer. (In this example, Maintain; Customers/Prospects, Aldred Builders, Inc. is selected as the customer.)



**Attachments:** Use this icon to add attachments for this record.



**Outlook:** Use this icon to sync to Microsoft Outlook.



**Help:** Selecting this icon gives you information specific to the current window. The fields of the window are often listed at the bottom of the help message. When you have a question about how to use Peachtree, clicking on the Help icon often answers it.



**2 Previous or Next Record:** Click on either the left arrow for the previous record; or the right arrow for the next record.

**3 Drop-Down List:** The down arrow means that this field contains a list of information from which you can make a selection. Many of PCA's windows have drop-down lists that appear when you click on a down arrow next to a field. You can press **<Enter>** or click on an item to select it from the list.

**4 Tabs:** The tabs that are shown in the Maintain Customers/Prospects window are General, Contacts, History, Sales Info, Payment & Credit. Once a customer is selected, you can select one of these folders to display information about a customer.

**5** On the right side of Maintain windows, information about the active field is shown. In this example, information about the CUSTOMER ID field is shown.

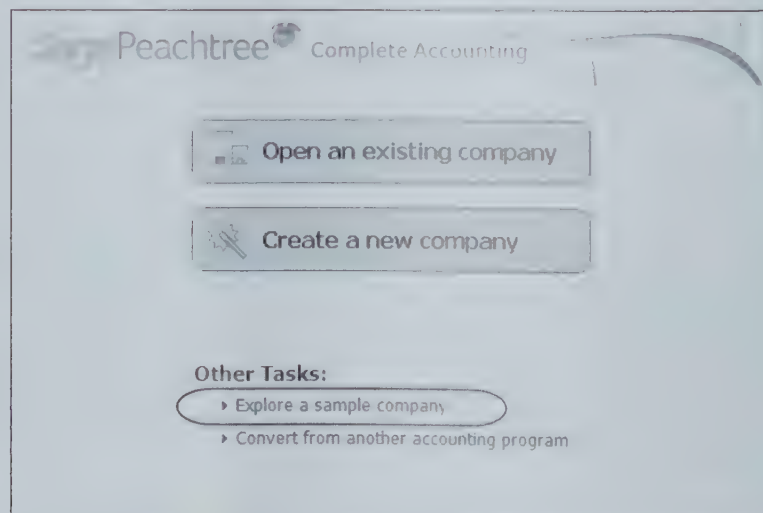
### THE SAMPLE COMPANY: BELLWETHER GARDEN SUPPLY

Bellwether Garden Supply is one of the sample companies included with PCA. To help you become familiar with the software, the sample company is used.

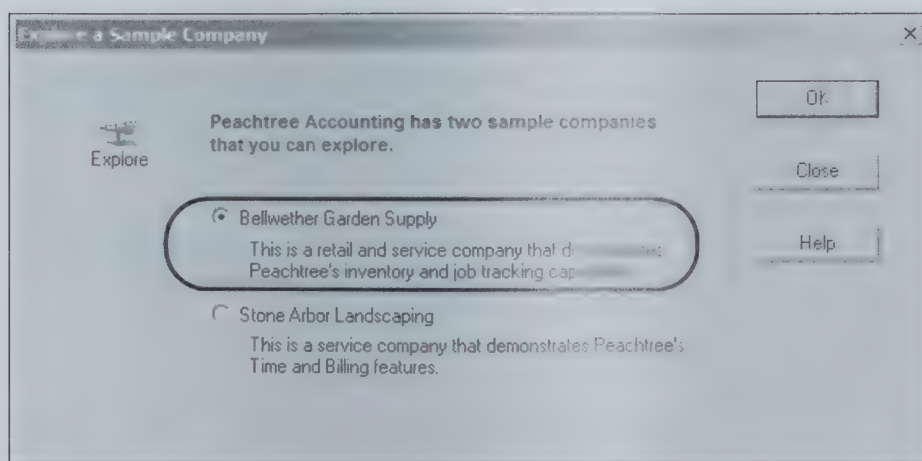
### GETTING STARTED

Follow these steps to start Peachtree Complete Accounting 2011 (PCA):

1. Start PCA. If Peachtree Complete Accounting 2011 is not installed on your computer, refer to pages v-xiii (Software Installation) for installing the Peachtree Complete Accounting CD that is included with this textbook.
2. When Peachtree Complete Accounting 2011 (PCA) was installed, an icon was created for Peachtree. To start, place the mouse pointer on the Peachtree icon and double-click with the left mouse button. (Or, click Start, All Programs, Peachtree Complete Accounting 2011. Then, click Peachtree Complete Accounting 2011.)
3. The Peachtree Accounting window appears. From the startup window, you can Open an existing company, Create a new company, Explore a sample company, or Convert from another accounting program.

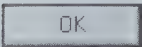



4. Select Explore a sample company.
5. The Explore a Sample Company window appears. PCA 2011 has two sample companies: Bellwether Garden Supply and Stone Arbor Landscaping. In Chapters 1 – 7, you use Bellwether Garden Supply to explore Peachtree. Then, in Chapter 8, you use Stone Arbor Landscaping to see how Peachtree's time and billing feature works. Make sure that Bellwether Garden Supply is selected.



**Troubleshooting:** Why doesn't my Explore a Sample Company window show the OK, Close, and Help buttons?

Screen resolution affects how Peachtree's windows look. The recommended screen resolution is 1024 X 768 with small fonts (refer to p. iv). You can use a higher resolution but some of the windows will look different. If you do not have an OK button, press <Enter> to start Bellwether Garden Supply.

6. Click . On the Navigation Bar, select . The Business Status Navigation Center appears. The Business Status Navigation Center, also known as the **Home page** or dashboard, is separated into seven areas. The dashboard lets you see at a glance a variety of general business information. Scroll down the window to see all of it. Each area has underlined links.



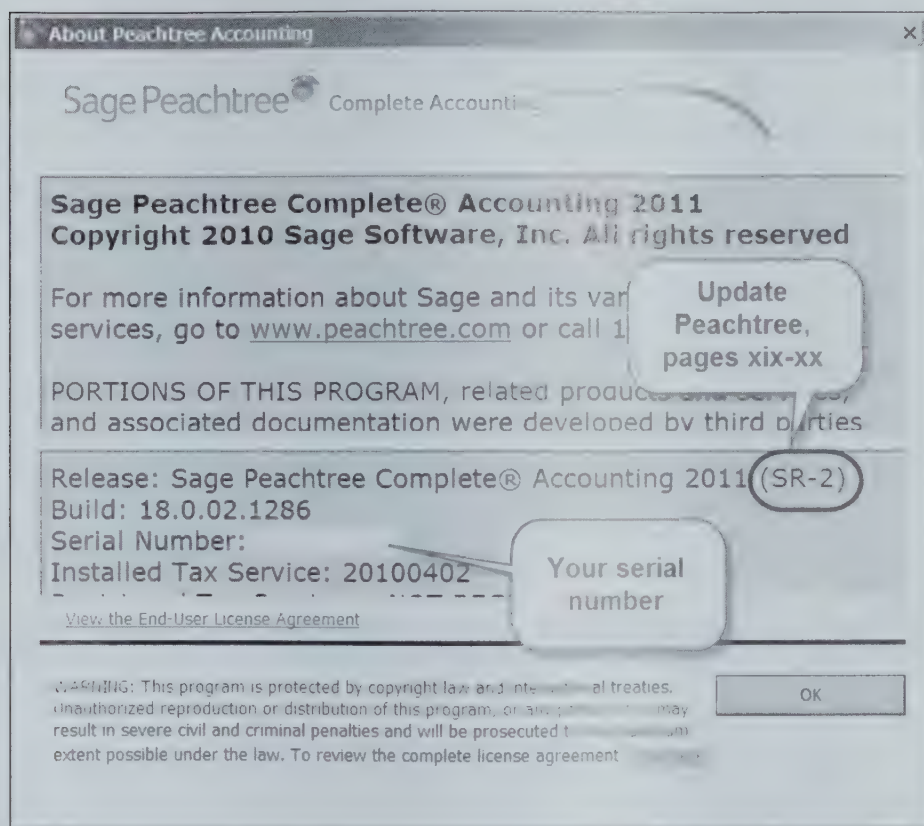
- a. Account Balances – observe the links from this area are [View Account List](#); [Reconcile Accounts and Import Bank Statements](#); [View Balance Sheet](#). In Peachtree, you can link to reports from the Navigation Centers or from the menu bar.
- b. Customers Who Owe Money – A customer list is shown with links to customers and reports.
- c. Aged Receivables – A graph is shown and links to [View Customer List](#); [View Aged Receivables Report](#); and [Receive Payment](#).
- d. Find a Report – Observe that fields are included for Category, Report, and Description. (If necessary, scroll down the Home page.)
- e. Revenue: Year to Date – A graph shows the first quarter of 2011's revenue and links to [View Income Statement](#); [Edit the Budget](#); and [View Account Variance Report](#).
- f. Vendors to Pay – A vendor list is shown with links to vendors and reports.
- g. Aged Payables – A graph is shown along with links to reports.

### DISPLAY PRODUCT INFORMATION

1. From the menu bar, click Help; About Peachtree Accounting.

This About Peachtree Accounting window shows the copyright information and the Release, Build, Serial Number, Installed Tax Service, and Registered Tax Service. The Release field shows Peachtree Complete<sup>®</sup> Accounting 2011, and the Build No. is 18.0.02.1286 (your release and build may differ). The Installed Tax Service and Registered Tax Service could also differ.

To see if software or text updates have been made, periodically check the Textbook Updates link on the book's website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011). Compare your About Peachtree Accounting window to the one shown on the next page.




If you downloaded the update, your Release field ends in SR-1.  
(Refer to page xix-xx, Update Peachtree.)

- Click  to close the Product Information window.

## SETTING GLOBAL OPTIONS <sup>7</sup>

Peachtree's **global options** are in effect for all Peachtree companies. On pages xiii-xv, steps are shown for setting global options. They are repeated here so you can make sure they are set. All companies in Chapters 1-18 and Projects 1 - 4 require these global options.

<sup>7</sup>This icon, , means there is a Setting Global Options flash video. Go online to [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011). Link to Student Edition, select Chapter 1, Flash Videos, Setting Global Options.

## 16 Chapter 1

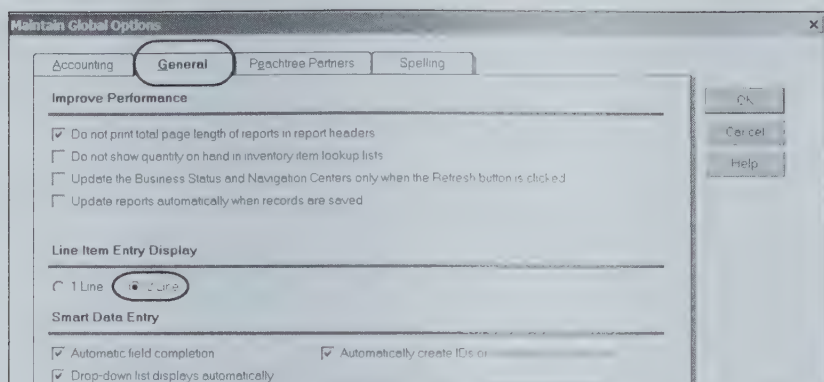
1. From the menu bar, select Options; Global. The Maintain Global Options window appears. The Accounting tab is selected.
  - a. In the **Decimal Entry** area, select Manual.
  - b. Make sure 2 is shown in the Quantity, Standard and Unit Price fields.
  - c. In the **Hide General Ledger Accounts** area, make sure that there are no checkmarks in the boxes. (To uncheck one the boxes, click on them.)
  - d. In the **Other Options** area, a checkmark should be placed next to Warn if a record was changed but not saved; and Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry. Compare your Maintain Global Options; Accounting tab window with the one shown below.

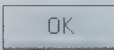
The screenshot shows the 'Maintain Global Options' window with the 'Accounting' tab selected. The window has a title bar with a close button (X). Below the title bar are four tabs: 'Accounting' (selected), 'General', 'Peachtree Partners', and 'Spelling'. The 'Accounting' tab contains several sections:

- Decimal Entry**: Two radio buttons, 'Automatic' and 'Manual'. 'Manual' is selected and circled.
- Number of Decimal Places**: Two dropdown menus. The first is labeled 'Quantity fields' and the second is labeled 'Standard fields'. Both show the number '2'.
- Hide General Ledger Accounts**: Three checkboxes, all of which are unchecked and circled:
  - ☐ Accounts Receivable (Quotes, Sales Orders, Proposals, Invoicing, Credit Memos)
  - ☐ Accounts Payable (Purchase Orders, Purchases, Credit Memos, Payments)
  - ☐ Payroll Entry
- Other Options**: Three checkboxes, with the first one checked and circled:
  - ☒ Warn if a record was changed but not saved
  - ☐ Hide inactive records
  - ☒ Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry
- Use Timeslips by Sage Accounting Link**: An unchecked checkbox.
- When sorting transactions by date in most lists and reports, sort by**: Two radio buttons, 'Reference Number' (selected) and 'Posting Order'.

On the right side of the window, there are three buttons: 'OK', 'Cancel', and 'Help'.

2. Click on the **General** tab. Make sure the Maintain Global Options; General window shows the following selections.



3. Click  to save the global options, which will be in effect for all Peachtree companies.

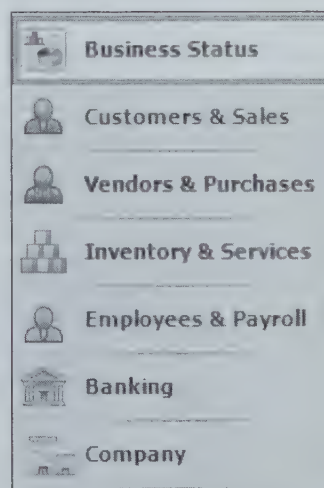
## PEACHTREE'S USER INTERFACE

A User Interface (UI) is the link between a user and a computer program. Peachtree's UI is designed for both Navigation Bar and menu-bar selections.

The user interface is one of the most important parts of any software because it determines how easily you can make the program do what you want. Graphical user interfaces (GUIs) that use windows, icons, and pop-up menus are standard on personal computers.

The **Navigation Bar** appears at the left side of the Peachtree main window and offers access to seven **Navigation Centers**. The Navigation Centers provide information about and access to the Peachtree program. The Navigation Bar includes seven selections: Business Status, Customers & Sales, Vendors & Purchases, Inventory & Services, Employees & Payroll, Banking, and Company.

When you click one of the seven selections (for example, Customers & Sales), the panel to the right of the Navigation Bar displays a **workflow diagram** with additional links related to that







**module.** Modules organize Peachtree's transaction windows and reports. The menu bar selections, Tasks and Reports & Forms, are also organized by module; for example, the Reports & Forms menu includes Accounts Receivable, Accounts Payable, General Ledger, etc.

Peachtree's modules include Customers & Sales, Vendors & Purchases, Inventory & Services, Employees & Payroll, Banking, and Company. The Business Status Navigation Center includes a snapshot of the company. Peachtree's modular design is similar to other accounting software applications. In this textbook, you use PCA's Navigation Bar and menu bar selections to access features of the program. The individual Navigation Bar selections take you to Navigation Centers. For example, if you select Customers & Sales, the Customers & Sales Navigation Center appears.

## CHART OF ACCOUNTS


A **chart of accounts** is a list of all the accounts used by a company showing identifying numbers assigned to each account. Peachtree's **general ledger module** is the complete collection of accounts (chart of accounts) of a company, transactions associated with these accounts, and account balances for a specified period. In Chapter 5, General Ledger, Inventory, and Internal Control, you will learn more about Peachtree's general ledger module and the chart of accounts. For now, let's view Bellwether's chart of accounts so that you can familiarize yourself with the accounts that will be used in subsequent chapters.

Follow these steps to display Bellwether's chart of accounts.

1. From the Navigation Bar, select . Observe that the Company Tasks diagram includes an icon for Chart of Accounts.
2. Select , View and Edit Accounts. The Account list appears showing an identifying number for each account, description, type (classifications for financial statements), and running balance. A partial account list is shown on the next page. Scroll down the window to see the entire chart of accounts.

Account ID	Description	Running Balance
10000	Cash on Hand	\$1,000.00
10010	Regular Checking Account	\$20,000.00
10020	Payroll Checking Account	\$0.00
10030	Savings Account	\$0.00
10040	Accounts Receivable	\$1,000.00
10050	Contracts Receivable	\$0.00
10060	Other Receivables	\$0.00
10070	Allowance for Doubtful Account	\$0.00
10080	Inventory	\$1,000.00
10090	Prepaid Expenses	\$1,000.00
10100	Employee Advances	\$0.00
10110	Notes Receivable-Current	\$0.00
10120	Other Current Assets	\$0.00
10130	Furniture and Fixtures	\$1,000.00
10140	Equipment	\$1,000.00
10150	Vehicles	\$1,000.00
10160	Other Depreciable Property	\$0.00
10170	Leasehold Improvements	\$0.00
10180	Buildings	\$1,000.00
10190	Building Improvements	\$0.00
10200	Land	\$0.00
10210	Accum. Depreciation-Furniture	\$0.00
10220	Accum. Depreciation-Equipment	\$0.00
10230	Accum. Depreciation-Vehicles	\$0.00
10240	Accum. Depreciation-Other	\$0.00
10250	Accum. Depreciation-Leasehold	\$0.00
10260	Accum. Depreciation-Buildings	\$0.00
10270	Accum. Depreciation-Bldg Imp	\$0.00
10280	Deposits	\$0.00
10290	Organization Costs	\$0.00
10300	Accum Amortiz - Organiz Costs	\$0.00
10310	Notes Receivable-Noncurrent	\$0.00
10320	Other Noncurrent Assets	\$0.00
10330	Accounts Payable	\$0.00
10340	Accrued Expenses	\$0.00
10350	Sales Tax Payable	\$0.00
10360	Wages Payable	\$0.00

The Account List's icon bar includes a Send To selection. When you make that selection, you can send the Account List to Excel, E-mail, or PDF (Adobe Acrobat). Exporting Peachtree reports to Microsoft Excel is shown on pages 45-47.

3. Close the Account List by clicking  on its title bar.

## BACKING UP BELLWETHER GARDEN SUPPLY <sup>8</sup>

Before making changes to Bellwether Garden Supply, you should back up the sample company data. When using PCA, information is automatically saved to the hard drive of the computer. In a classroom setting, a number of students may be using the same computer. This means that when you return to the computer lab or classroom, your data

<sup>8</sup>The arrow indicates there is a flash video. Go online to [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 1, Flash Videos, Backup.

will be gone. **Backing up** means saving a copy of the data to a hard drive, network drive, or external media. Backing up insures that you can start where you left off the last time Peachtree was used.

#### Comment

The author suggests backing up the sample company. Since the backup requires 9.68MB, you need to back up to the hard drive, network drive, CD (CD-RW drive), DVD (DVD-RW drive) or USB drive. In the textbook, backing up to a drive other than the hard drive or network drive is called backing up to *external media*. The instructions that follow assume you are backing up to the \BCS folder on the hard drive's default location at C:\Sage\Peachtree\Company\Sample\PCW\BCS. (*Hint: To see the default directory where Bellwether is located, from the menu bar select Maintain, Company Information. The Directory field shows the location of the BCS folder.*)

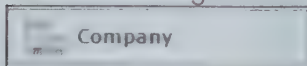
When a back up is made, data is saved to the current point. To distinguish between backups, a different backup name (file name) should be used. Use Peachtree's **restore** feature to retrieve information that was backed up.

In the business world, backups are unique to each business: daily, weekly, monthly. Think of your backups this way and you will see why individual backups at different points in the data are necessary. *You should never leave the computer lab without backing up your data.*

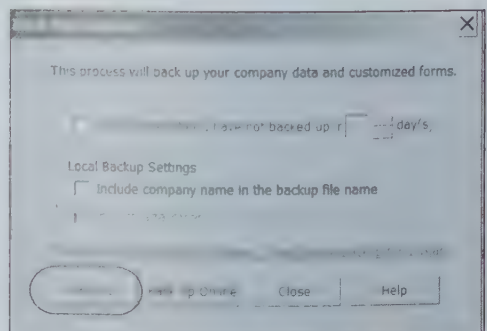
Follow these steps to back up Bellwether Garden Supply.


The text directions assume that you are backing up to a hard drive location. *You can also backup to external media such as a USB drive, CD-RW drive or DVD-RW drive. One USB flash, thumb or pen drive, CD-R, or DVD-R can be used for all backups in the textbook (Chapters 1 through 18).* The chart on page 2 (Part 1 Introduction) shows the size of each backup made in Chapters 1-8.

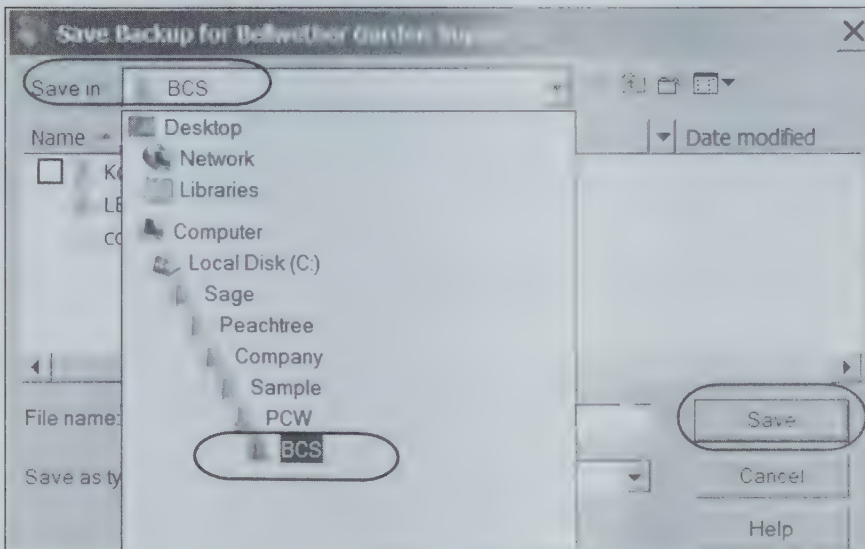
1. From the Navigation Bar, click



In the Data Maintenance list, link to **Back up**. The Back Up Company window appears. If necessary, uncheck the box next to Include company name in the backup file name.



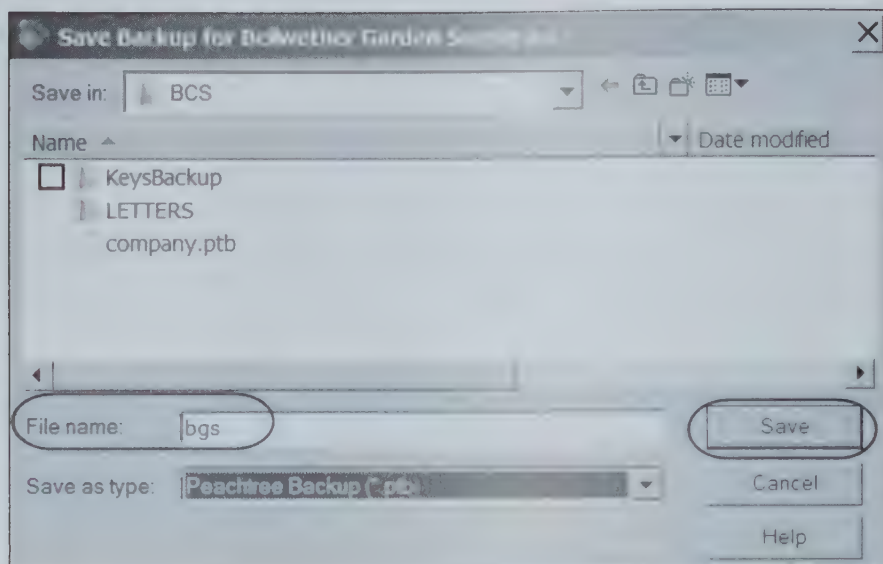
2. Click . The Save Backup for Bellwether Garden Supply as window appears.
3. The Save in field shows the default location for your backup (BCS). If you do *not* change the Save in location, you are saving to the hard drive. Click on the down-arrow in the Save in field. The list that displays shows you the location on your hard drive for the sample company files. (*Hint: If you are using Windows Vista or XP, your default location may differ. Refer to Company Data Files Location, page xviii.*)



4. Since you are backing up to the default hard drive location, follow these steps.<sup>9</sup> Observe that the Save in field shows BCS (or the appropriate drive letter) and that the File name field shows the default name. In the File name field, highlight the default file name and then type **bgs** as the file name. Compare your Save Backup for Bellwether Garden Supply as window to the one shown on the next page.

<sup>9</sup>If you are backing up to a different location, go to the appropriate drive letter. If you are having difficulty backing up to USB media (thumb or flash drive), backup to the desktop first, then copy the desktop file to your USB drive. Refer to Appendix A, Troubleshooting, pages 771-772—Problem Backing Up to USB Drive or Other External Media.


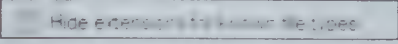





Observe that the Save as type field shows that you are making a Peachtree Backup (\*.ptb), which is abbreviated ptb. This is the standard extension for Peachtree backups.

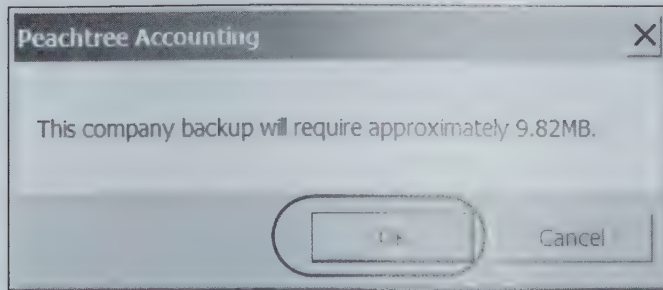
### Comment

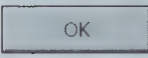
If your Save as type field does *not* show Peachtree Backup (\*.ptb), follow these steps:

1. Right-click ; left-click Open Windows Explorer. (These instructions are consistent with Windows 7.)
2. From the menu bar, select Organize, Folder and Search Options.
3. Click on the View tab. Make sure the box next to Hide extensions for known file types is *unchecked*-- .
4. Click . Your PCA files will now have file extensions.
5. Close Windows Explorer.

5. Click .


6. A window appears that says This company backup will require approximately 9.82MB.



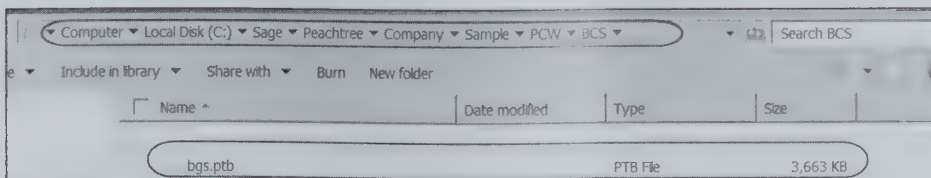
7. Click . When the Back Up Company scale is 100% complete, you have successfully backed up the sample company.

Follow these steps to see the size of the backup file.



1. Right-click ; left -click Open Windows Explorer. (*Hint: This textbook was written with Microsoft Word 2007 and Windows 7. If you are using a different Windows operating system, your start button differs.*)
2. Select drive C (or the location where you backed up Bellwether Garden Supply). For example, if you backed up to the default company data files location, select C:\Sage\Peachtree\Company\Sample\PCW\BCS\bgs.ptb. (*Hint: Your default location may differ. Refer to Company Data Files Location, page xviii.*)

The Name of the file is bgs.ptb; the size of the file is 3,663 KB;<sup>10</sup> and File Type is PTB File. Compare this information to the bcs folder on your hard drive, network drive, USB drive, or CD.



<sup>10</sup>The size of your backup file may differ.

Refer to the chart on page 2 for back up sizes. Peachtree backs up to the current point in the data. The author suggests backing up to a hard drive location or external media (USB flash drive; CD; or DVD.)

Follow these steps to exit Peachtree:

1. Close Windows Explorer.
2. From Peachtree's menu bar, click File, Exit. You are returned to the desktop.

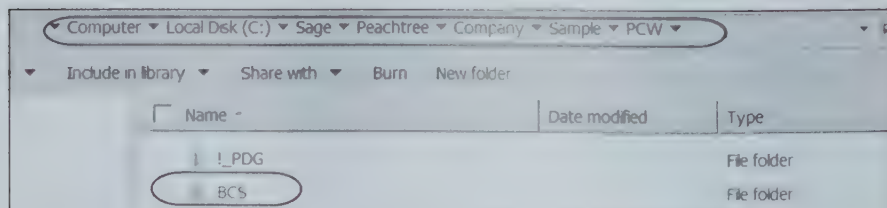
### USING WINDOWS EXPLORER

The instructions on pages 19–23 show how to use Peachtree's Back Up feature. Peachtree's Back Up feature works with Restore, which is shown on pages 28–32. *What if your instructor prefers that all of the company files be copied or saved?*

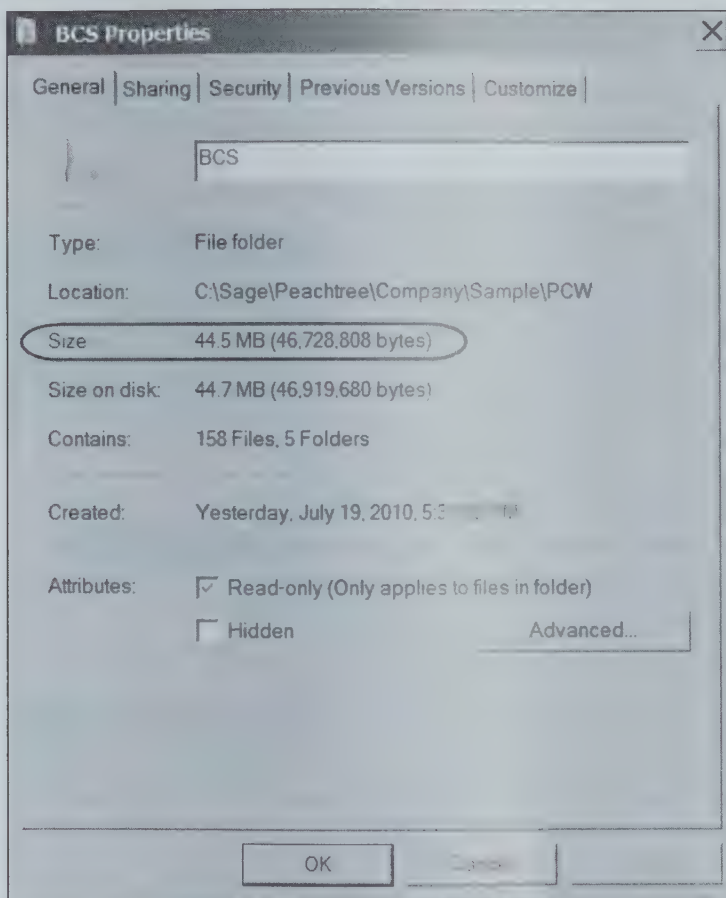
1. The Windows desktop should be displayed.

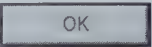

2. Right-click ; left-click Open Windows Explorer. (Hint: In Windows 7 the folder icon  also opens Windows Explorer.)

3. Select drive C. Then, open the folder for Bellwether Garden Supply: C:\Sage\Peachtree\Company\Sample\PCW (this is the default location for Bellwether Garden Supply; your location may differ.)



4. Right-click on the BCS folder. A drop-down menu appears. Left-click on Properties. Compare your BCS Properties window to the one shown on the next page.



5. Observe that the size of the BCS folder is 44.5 MB (or 46,728,808 bytes). The size of your BCS folder may differ. If you want to copy the entire folder to a disk, you need to have a CD-RW or DVD-RW drive. The steps shown for Copying the BCS folder to a CD-RW or DVD-RW drive (on pages 26-27) explain how to do that. In order to use the program, Peachtree folders need read and write access. The computer's hard drive, CD-RW, DVD-RW, and USB drives are read/write.
6. Click  to close the BCS Properties window. Click  on the title bar to close Windows Explorer.

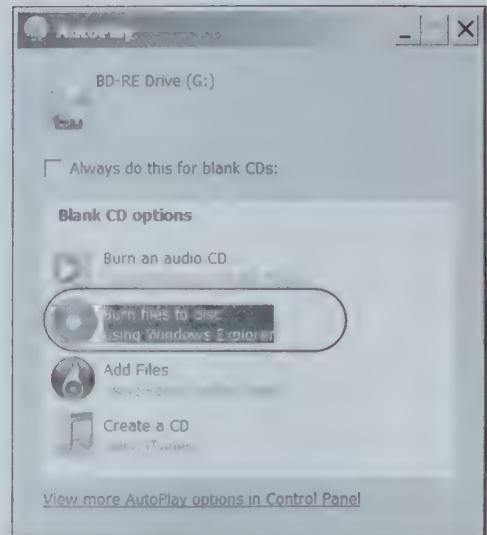


## Copying the BCS Folder to a CD-RW or DVD-RW Drive

Follow these steps to copy the BCS folder to a CD-RW or DVD-RW drive. Depending on the software you are using to copy data, your instructions may differ.

1. If necessary, click File; Exit to exit Peachtree and return to the desktop. Put the CD-R or DVD-R disk in the drive (or other external media in the appropriate drive). In this example, the BCS folder is copied to a DVD-R. (Depending on the external media used, your steps may differ.)

If you are copying files to a DVD, a window may appear that asks if you want to burn files to disc using Windows or Add Files using other software (for example, using Roxio Creator Data). Make the appropriate selection. (In this example, Burn files to disc using Windows is selected.)

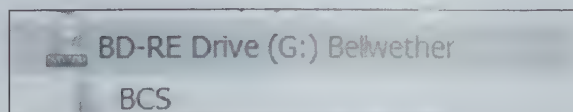



2. Click Burn files to disc.
3. Type **Bellwether** for the Disc title. Click **Next**. Once the DVD is formatted, a window appears that gives you the option to Open folder to view files using Windows Explorer. Go to the location of the BCS folder. The default C:\Sage\Peachtree\Company\Sample\PCW\BCS. Click on BCS to select it.



4. Drag/drop (or copy/paste) the BCS folder from the default location to your CD RW or DVD RW Drive. A window appears that says it is Copying 162 items (44.5 MB). When the scale is 100% complete, the BCS folder is copied. (This author's DVD RW drive is identified as drive G. Your drive letter may differ.)

Observe that the Folders list on Windows Explorer's left pane shows Drive (G:) Bellwether. The contents of the BCS folder are also shown—double-click on the drive to show its contents.



5. Right click on the CD RW or DVD RW drive; left-click Eject. A Preparing to Eject window appears. After a few moments the drive door opens. Remove the CD or DVD.
6. Close Windows Explorer.
7. To check that the file was copied, place the CD/DVD or other external media in the appropriate drive. Open the folder to view files using Windows Explorer. Right-click on the BCS folder; left-click Properties. The BCS Properties window should look similar to the one shown on page 25.
8. Click  on the title bar to close the window.
9. Remove the CD, DVD, or other external media.

When you copy the BCS folder from drive C to a CD/DVD RW drive or other external media, you are copying all the files contained in the folder. Remember, backing up files compresses the data (or makes the file smaller). Copying the entire folder allows you to have all the BCS files on external media. When you want to return to where you left off, you can use Windows Explorer to copy and paste these files from your CD/DVD (or other external media) to Peachtree's program path and Bellwether's folder on drive C – C:\Sage\Peachtree\Company\Sample\PCW\BCS. (*Hint: Your default location may differ. Refer to Company Data Files Location, page xviii.*)

Or, you can use PCA's backup feature to save data. The instructions in the textbook teach you how to use Peachtree's Back Up and Restore features. Check with your instructor for his or her preference.

## USING PEACHTREE'S RESTORE WIZARD

In order to start where you left off the last time you backed up, use Peachtree's Restore Wizard. Your instructor may prefer that you use Windows Explorer to copy/paste instead of Peachtree's Restore feature. You may need to check with your instructor on the preferred method. This textbook shows Peachtree's Restore Wizard.

Follow these steps to use Peachtree's Restore Wizard.

1. Start Peachtree. (*Hint:* If another company opens, from the menu bar select File; Close Company to go to the startup window.) Open the sample company, Bellwether Garden Supply.

To confirm the location of Bellwether Garden Supply, follow these steps.

- a. From the menu bar, select Maintain; Company Information. Observe that the Directory field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS. (*Hint:* Your Directory field may differ. Refer to File Management, pages xvii-xviii.)

**Maintain Company Information**

Cancel OK Help

Company Name: Bellwether Garden Supply

Address: 1505 Pavilion Place

City, ST Zip: Norcross

Country: USA

Telephone: 770-724-4000

Web Site: www.peachtree.com

Fax: 770-555-1234

E-mail:

State Employer ID: 2789123-12

Fed Employer ID: 58-2560752

State Unemployment ID: 60141-79

Form of Business: Corporation

Directory: C:\Sage\Peachtree\Company\Sample\PCW\BCS

Posting Method: Real-time

Accounting Method: Accrual

Direct Deposit: Inactive

Peachtree Managed Payroll: Inactive

Default location

<sup>11</sup>The arrow indicates a flash video at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011). Select Student Edition; Chapter 1, Flash Videos, Restore.

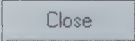

- b. Click  to close the Maintain Company Information window.

The steps that follow assume that you are restoring from Peachtree's default hard drive location. If Bellwether Garden Supply is *not* listed as a Peachtree company, refer to the Read Me box below.




**Read Me: What if Bellwether Garden Supply is *not* shown as an existing company or when you select Explore a sample company?**

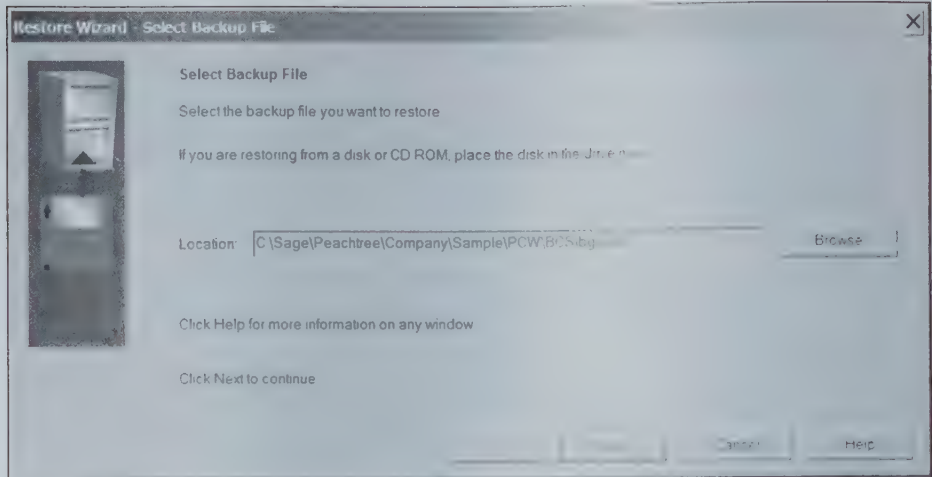
Some schools delete directories from the hard drive. For example, you have a back up file but the company, Bellwether Garden Supply, is *not* listed as a Peachtree company. Follow these steps to restore a company from a backup file.

1. If necessary, click File; Close Company to go to the Startup window. To double-check that Bellwether is *not* listed, select Open an existing company. Make sure Bellwether Garden Supply is *not* listed in the Company Name list. Click .
2. The startup window shows four menu bar options:  Options Services Help. Select File; Restore.
3. Browse to the location of your backup file, select it. Click Next.
4. Restore *A New Company*. Compare your Select Company window with the one shown below step 6, pages 30-31. Make sure A New Company is selected and the Company Name field shows Bellwether Garden Supply; click Next. Continue with step 8, page 31.



3. From the Navigation Bar, click  **Company**. In the Data Maintenance list, link to Restore. (If you are not restoring from the default hard drive location, put your USB flash drive or other external media into the appropriate drive.)
4. The Restore Wizard – Select Backup File window appears. The window on the next page shows the default location.

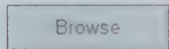




If you are restoring from external media, read the Steps for Restoring from External media below.

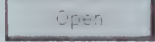
#### Steps for Restoring from External Media

1. In the Location field, click

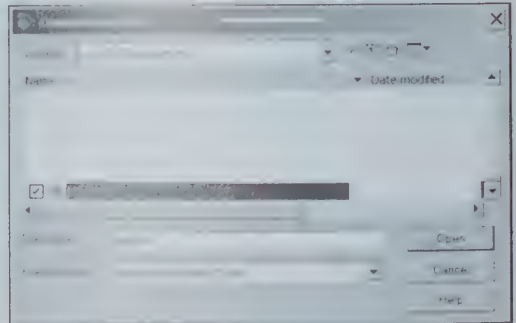


2. In the Look in field, select the appropriate drive. The illustration shows drive H. Highlight the bgs.ptb file.

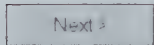
3. Click



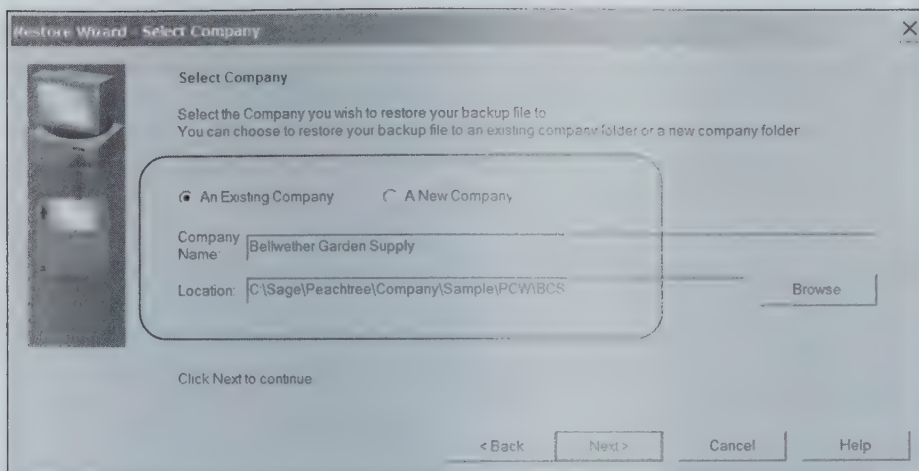
Observe that the Select Backup File window shows the Location of the bgs.ptb file. Continue with step 5 below. Remember, the textbook steps assume you are restoring from a hard drive location.



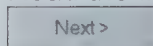
5. On the Restore Wizard – Select Backup File window, click



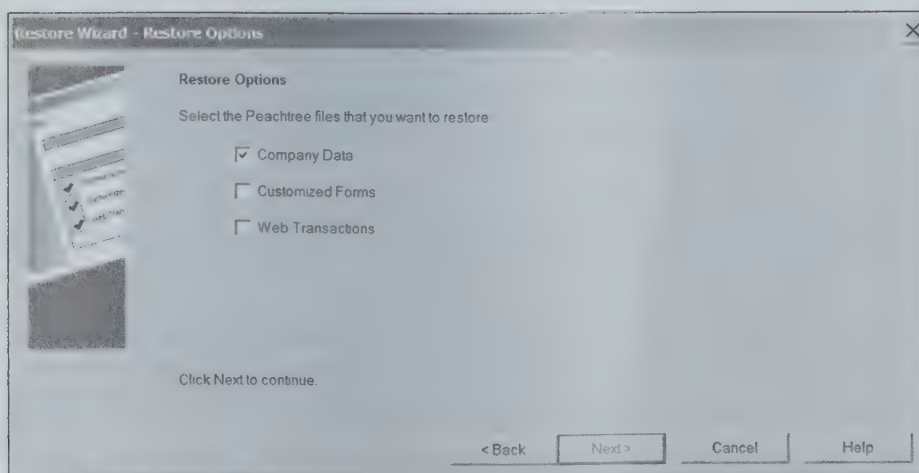
6. The Select Company window appears. Observe that An Existing Company is the default. The Company Name field shows Bellwether Garden Supply and the Location shows Bellwether's location.



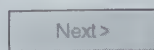
7. Read the information on the Select Company window; click



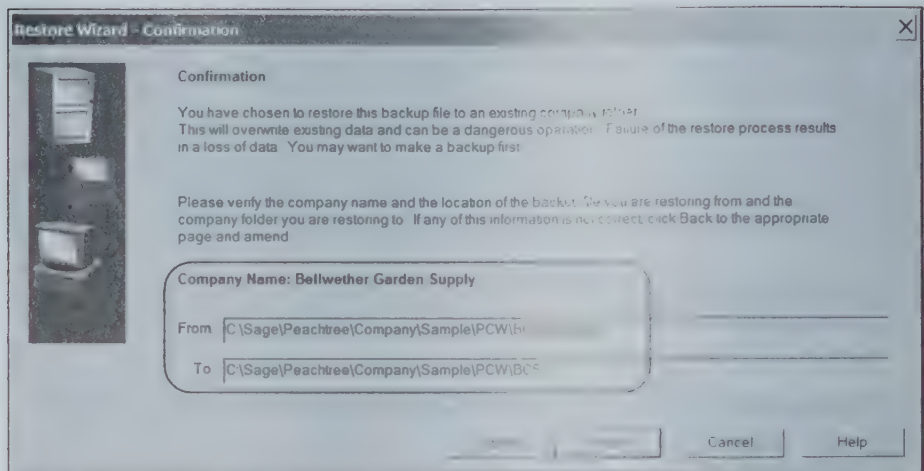
8. The Restore Options window appears. Make sure that the check mark is next to Company Data.




9. On the Restore Options window, click



10. The Confirmation window appears. Remember, the textbook steps assume that you are restoring from Peachtree's default hard drive location (C:\Sage\Peachtree\Company\Sample\BCS\bgs.ptb). If you are restoring from external media or another location, the From field shows the appropriate directory. Compare your Confirmation window to the one shown below.



11. Read the information on the Confirmation window, then click . Your backup data starts to restore. When the scale is 100% complete, the Bellwether Garden Supply data is restored.

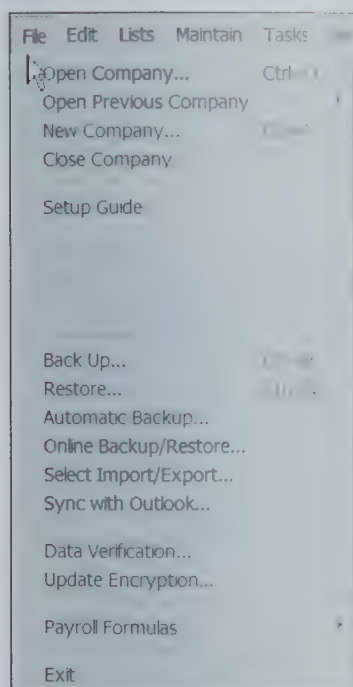
Once Bellwether's files are restored, you are ready to continue using the sample company. *Remember before you exit PCA, make a backup of your work.*

The following information demonstrates PCA's horizontal menu bar selections. In this book, you are going to use *both* the menu bar selections and the Navigation Bar.

## MENU BAR

PCA's menu bar has 11 selections: File, Edit, Lists, Maintain, Tasks, Analysis, Options, Reports & Forms, Services, Window, and Help. Follow these steps to look at each menu bar selection.

1. From the menu bar, click File to see its menu, or, press <Alt> + F to display the File menu. If you use <Alt> + F instead of your mouse, notice that the individual letters on the menu bar are underlined. In this example, the mouse is used. The File menu selections are shown below.



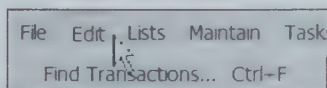
The File menu allows you to open a company, open previous company, create a new company, close the company, go to the setup guide, print preview, create a PDF (Adobe Acrobat) file, Back Up, Restore, Automatic Backup, Online Backup/Restore, select import/export, sync with Outlook, data verification, update encryption, enter payroll formulas, and exit. (The grayed out selections are inactive.)

Menu choices that are followed by an **ellipsis (...)** are associated with **dialog boxes** or windows that supply information about a window. An arrow (►) next to a menu item (Open Previous Company and Payroll Formulas) indicates that there is another menu with additional selections.

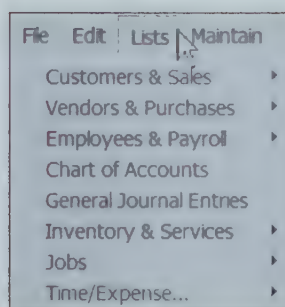
To cancel the drop-down menu, click File or <Esc>.



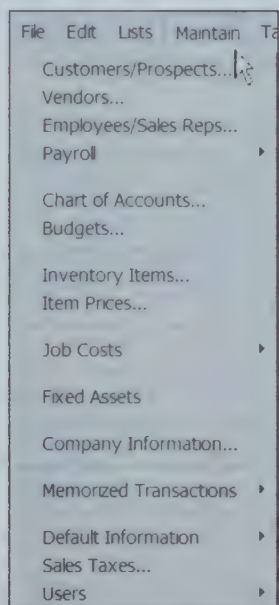
2. The Edit selection shows Find Transactions.



3. Click Lists to see its menu. The Lists selection shows Customers & Sales, Vendors & Purchases, Employees & Payroll, Chart of Accounts, General Journal Entries, Inventory & Services, Jobs, and Time/Expense. The Lists menu is an alternative to using the Navigation Bar.

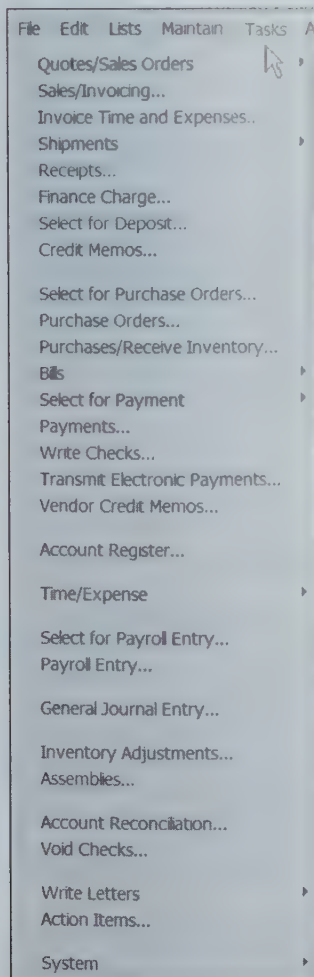


4. Click Maintain to see its menu.



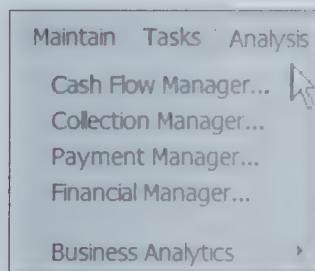
From the Maintain menu, you can enter, view, or edit required information for your company's customers or prospects, vendors, employees or sales reps, chart of accounts, budgets, inventory items, item prices, and job costs. You can also edit company information; enter memorized transactions; or go to **default** information, sales tax codes, and users (passwords and security). Defaults are commands that PCA automatically selects. Default information automatically displays in windows. You can change the default by choosing another command.

5. Click Tasks to see its menu.



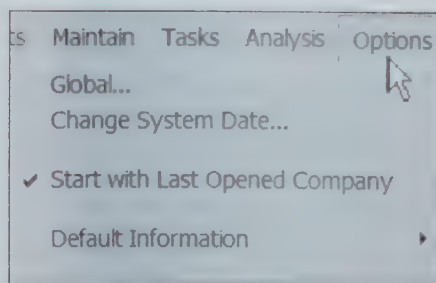
From the Tasks menu, you can enter quotes and sales orders, sales invoices, invoice time and expenses, shipments, receipts, finance charges, select for deposit, issue credit memos, purchase orders, purchases of inventory, select bills to pay, make payments, write checks, transmit electronic payments, issue vendor credit memos, display account registers, record time and expenses, record payroll information, and make general journal entries. You can also make inventory adjustments, assemblies, reconcile bank statements (account reconciliation), void checks, and enter action items. With the System selection, another menu displays with choices such as post and unpost (available with batch posting), change the accounting period, use the year-end wizard, and purge old or inactive transactions.

6. Click Analysis to see its menu.



The Analysis menu includes the cash flow manager, collection manager, payment manager, financial manager, and business analytics.

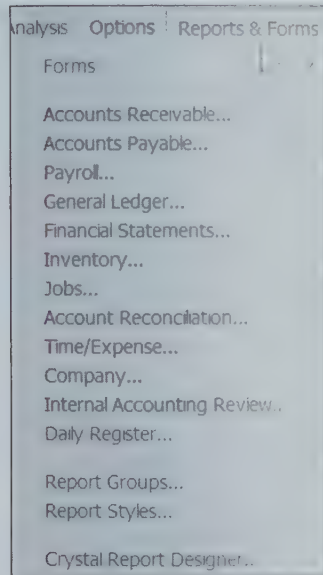
7. Click Options to see its menu.



The Options menu includes setting global options, change the system date, start with the Last Opened Company, and enter default

information. The checkmark next to Start with Last Opened Company means that each time you start Peachtree, the last company worked with opens.

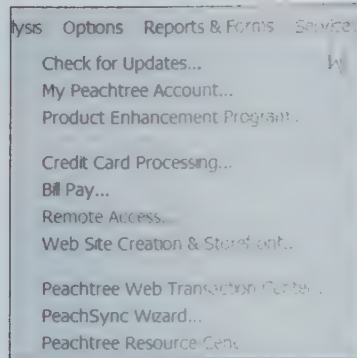
8. Click Reports & Forms to see its menu.



The Reports & Forms menu allows you to **queue** reports for printing or displaying reports. You can also create and edit the format for forms, reports, financial statements, and other reports. Crystal Reports Designer, which is for creating more reports than found within Peachtree, is available for an additional cost.

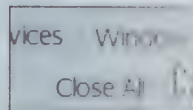
9. Click Services to see its menu.



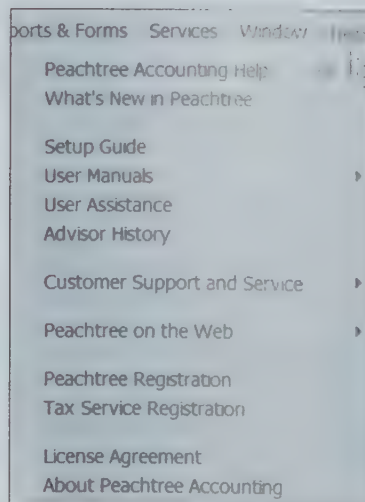


The Services menu includes selecting to check for updates, My Peachtree Account, Product Enhancement Program, Credit Card Processing, Bill Pay, Remote Access, Web Site Creation & Storefront, Peachtree Web Transaction Center, PeachSync Wizard, and Peachtree Resource Center.

10. Click Window to see its menu. The Window menu allows you to close all windows.



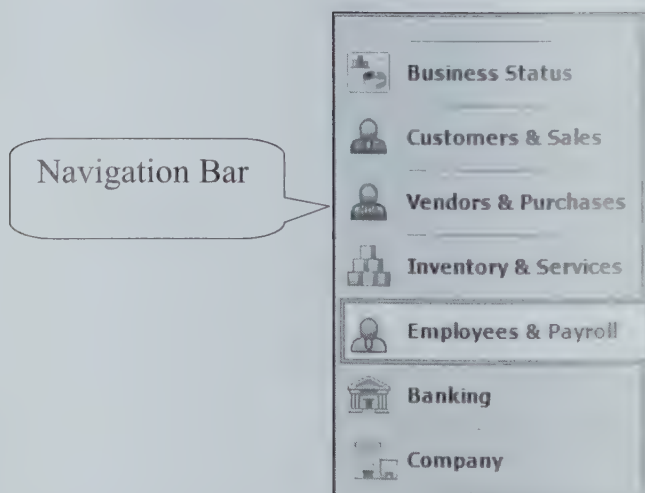
11. Click Help to see its menu.




The Help menu allows you to open a window of context-sensitive help, see what's new in Peachtree, go to the setup guide, open Peachtree's user manuals, go to a list of how to selections, select user assistance, advisor history, Customer Support and Service, go to Peachtree on the Web, register Peachtree, for an additional cost register a tax service, look at Peachtree's license agreement. Select About Peachtree Accounting to display product information. Detailed steps for displaying product information are shown on pages 14-15.

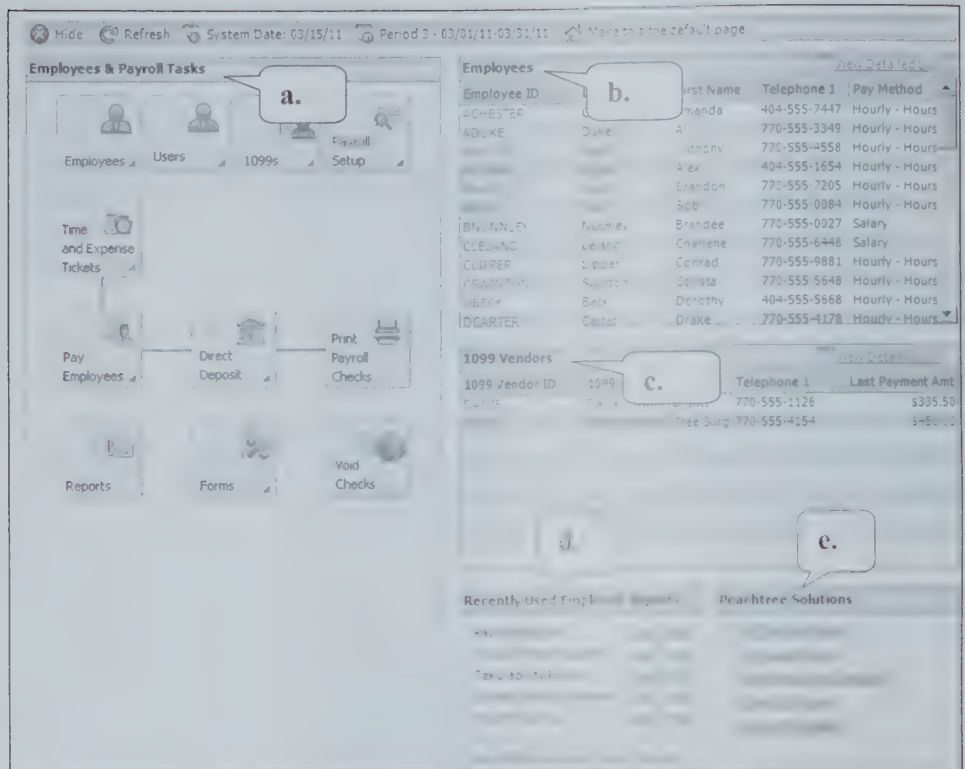
## BECOMING AN EMPLOYEE OF BELLWETHER GARDEN SUPPLY

Before adding yourself as an employee of Bellwether Garden Supply, let's use the Navigation Bar to open the Maintain Employees & Sales Reps window. The Navigation Bar selections include: Business Status, Customers & Sales, Vendors & Purchases, Inventory & Services, Employees & Payroll, Banking, and Company



Follow these steps to use the Navigation Bar to add yourself as an employee.


1. On the Navigation Bar, select  **Employees & Payroll**. The Employees & Payroll Navigation Center appears. The Employees & Payroll Tasks diagram is shown on the next page.

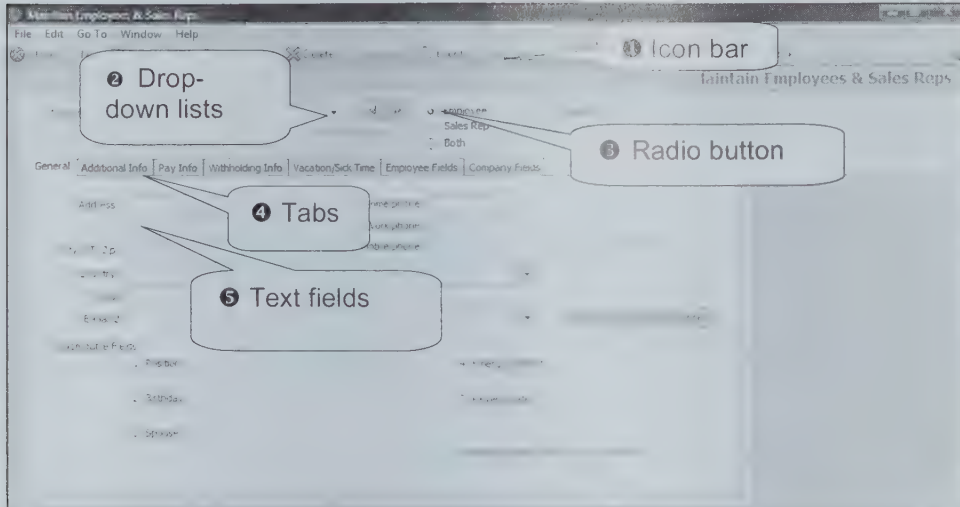



The Employees & Payroll Navigation Center displays information and access points related to the company's employees. It is organized into five sections.

- Employees & Payroll Tasks: The flowchart shows how Peachtree processes payroll.
- Employees: The employee list is shown.
- 1099 Vendors: These are vendors who receive 1099's from Bellwether Garden Supply.
- Recently Used Employee Reports: This section includes links to payroll reports.
- Peachtree Solutions: These links include Peachtree's third-party suppliers.



2. Click ; New Employee. The Maintain Employees & Sales Reps window appears.



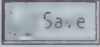
- 1 The icon bar at the top of most windows shows graphical representations of commands or functions that are accessible from the window.
- 2 **Drop-down lists:** Click on the down-arrow to see lists. On the Maintain Employees & Sales Reps window, employee IDs are shown. When you are in the text portion of the field, the cursor changes to an I-bar and a question mark . Type a question mark **<?>** in the field, or click the right mouse button, to display lists.
- 3 **Radio Button or Option Button:** These buttons allow you to select one by clicking with the mouse or using the space bar. The default is Employee shown by the radio button next to Employee.



- 4 Tabs are common to most PCA windows. They provide a subtitle to the various windows that store and organize information. Here, for example, the information you can choose to track is subdivided into categories: General, Additional Info, Pay Info, Withholding Info, Vacation/Sick Time, Employee Fields, and Company Fields.
- 5 Text fields are rectangles or fields where information is typed.

### Adding Yourself as an Employee

Follow these steps to add yourself as an employee.

1. Type an Employee ID code for yourself in the Employee ID field. For example, type **CYACHT** (type the first three letters of your first name and your full last name in all capital letters) and press **<Enter>**.<sup>12</sup>
2. In the Name field, type your first name, press **<Enter>**; type your middle initial, if any, press **<Enter>**, then type your last name. Press **<Enter>** five times.<sup>13</sup>
3. In the Address field, type your street address. There are two lines so you can enter an ATTENTION line or P.O. Box, if necessary. If you are using just one line for your address, press **<Enter>** two times to go to the City, ST, Zip fields.
4. In the City, ST Zip field, type your city, state (two-digits), and zip code, pressing **<Enter>** after each.
5. None of the other information is required. You work with the other fields in Chapter 15, Payroll, Employees, and Account Reconciliation. Click . Your Employee ID is highlighted.

To check that your Employee ID has been added, click on the down-arrow in the Employee ID field.

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<sup>12</sup>All ID codes are case-sensitive which means that cyacht and CYACHT are considered different codes. Capital letters sort before lowercase letters.

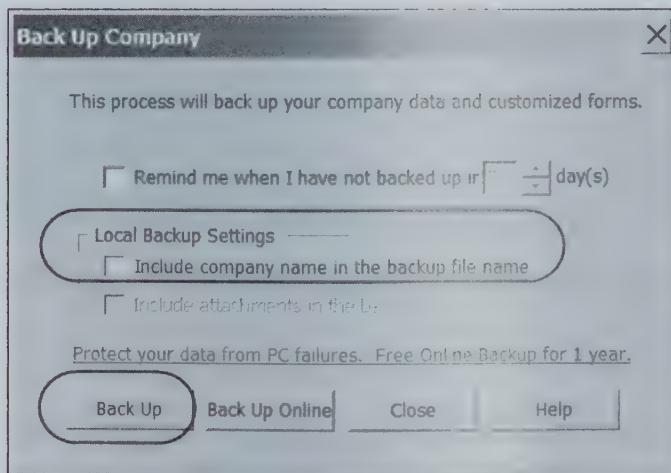
<sup>13</sup>You can use **<Enter>** or **<Tab>** to move between fields. Use **<Shift>+<Enter>** or **<Shift>+<Tab>** to move back a field. You can also hold the **<Alt>** key and press the underlined letter of a text box to move between fields.

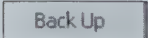
6. Click  to return to the Employees & Payroll Navigation Center.

## BACKING UP CHAPTER 1 DATA

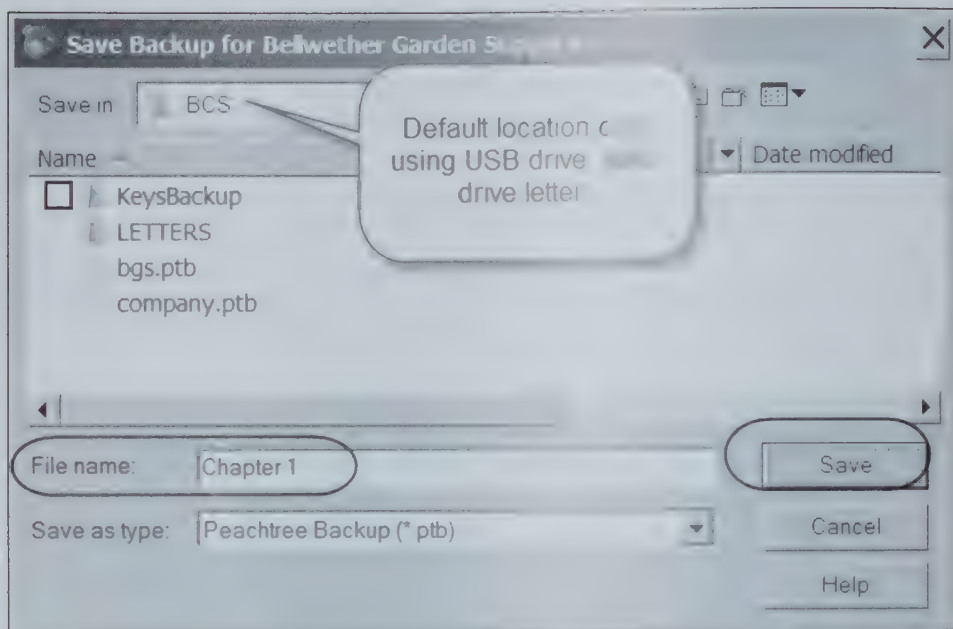
Follow these steps to back up Chapter 1 data:

1. From the Navigation Bar, click ; link to Back up. Make sure that the box next to Include company name in the backup file name is *unchecked*.

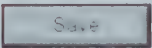



2. Click .
3. Save to the default location; or, if you are backing up to a network drive or external media, make the appropriate selection in the Save in field.<sup>14</sup> Type **Chapter 1** in the File name field. Compare your Save Backup for Bellwether Garden Supply as window with the one shown on the next page.

<sup>14</sup> If you are having difficulty backing up to USB media (thumb or flash drive), refer to Appendix A, Troubleshooting, pages 771-772—Problem Backing Up to USB Drive or Other External Media.



If you are saving to external media, your **Save in** field will differ.

4. Click .
5. When the window prompts that This company backup will require approximately 9.83MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 1.



#### Read Me: Problem Backing Up to USB Drive

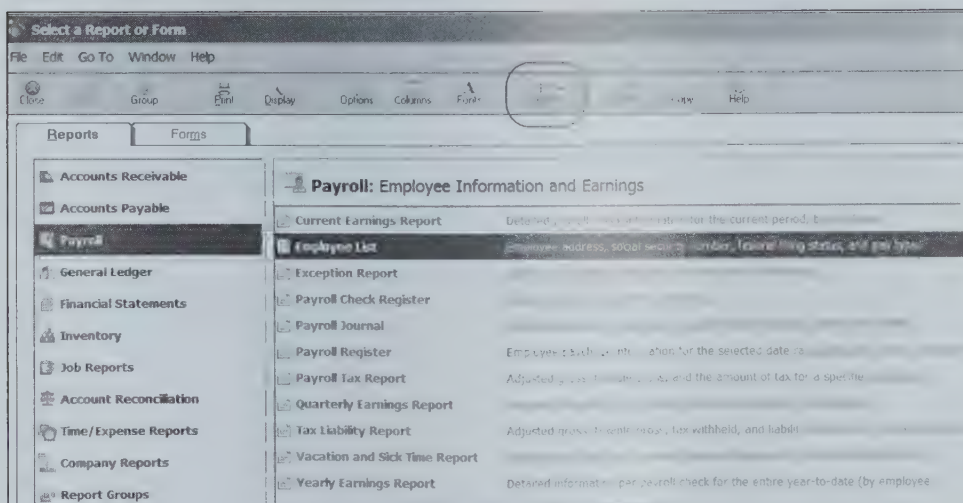
If you encounter difficulties backing up to a USB drive, backup to your desktop first. Then copy the backup file from your desktop to a USB drive. Refer to Appendix A, Problem Backing Up to USB Drive or Other External Media, pages 771-772 for detailed steps.

6. Continue with the next section, Exporting Peachtree Reports to Microsoft Excel.

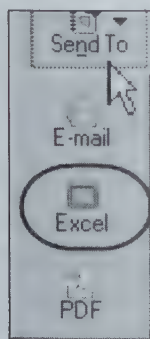
## EXPORTING PEACHTREE REPORTS TO MICROSOFT EXCEL

On pages 42-43, you added yourself as an employee of Bellwether Garden Supply. To see an Employee list and export the list to Excel, follow these steps. In order to export reports to Excel, you need Excel 2002 or higher. In this example, Excel 2007 and Windows 7 are used. Your steps may differ slightly.

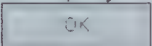
1. From the Navigation Bar, select Employees & Payroll. In the Recently Used Employee Reports section, link to [View All Employees & Payroll Reports](#). The Select a Report or Form window appears. Select Employee List.

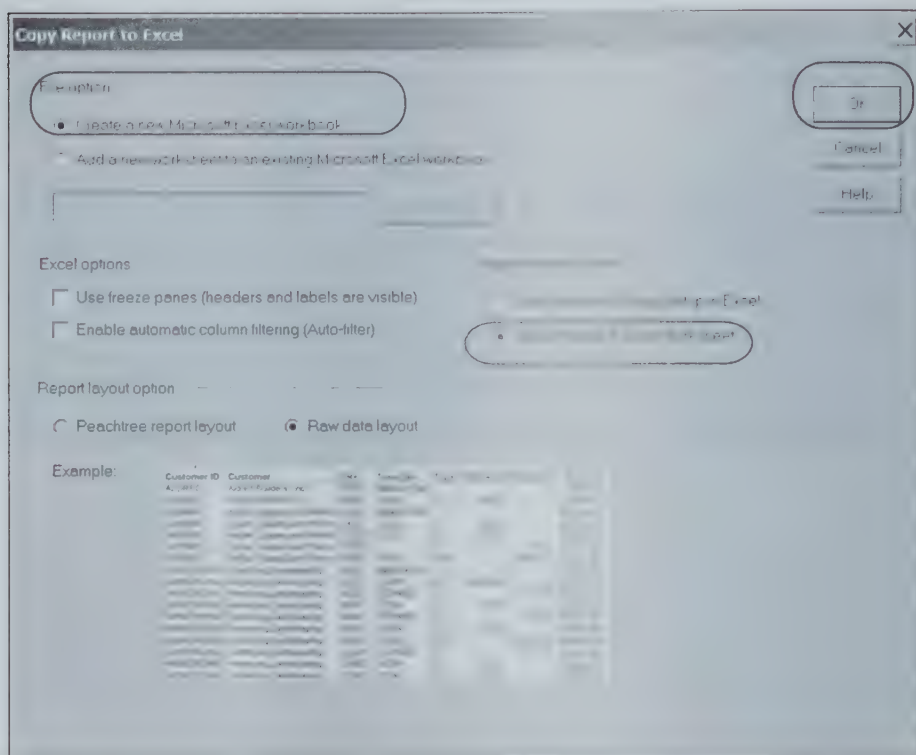



2. On the icon bar, select Send To; then select, Excel.





3. The Modify Report – Employee List window appears. Accept the defaults by clicking .
4. The Copy Report to Excel window appears. Accept the File option, Create a New Microsoft Excel workbook. In the Report header option area, select Show header in Excel worksheet.



5. Click . The Copying Employee List to Excel window appears. When the Bellwether Garden Supply Employee List displays, check that your name has been added to the list of employees.
6. Save the Excel worksheet. Use **Chapter 1\_Employee List.xlsx** as the file name. (If you are using Excel 2003 or earlier, the file extension is .xls.) The workbook on the next page shows the author's name in the list. Your name should be shown.

Bellwether Garden Supply Employee List						
Employee ID	Employee	Address line 1	Address line 2	City ST ZIP	Masked SS No	Fed Filing Statu
6	ACHESTER	Amanda W. Chester	4599 West Paces Ferry	Atlanta GA 30325	XXX-XX-1337	Single
7	ADUKE	Al L. Duke	3905 Alpharetta Hwy	Alpharetta GA 30039	XXX-XX-1134	Single
8	AHECTER	Anthony H. Hecter	87 Lenox Rd	Atlanta GA 30319	XXX-XX-5656	Single
9	AKORNEL	Alex C. Kornel	847 Clairmont Road	Atlanta GA 30329	XXX-XX-8778	Married
10	BHUGLEY	Brandon A. Hugley	920 Gamesville Hwy	Buford GA 30518	XXX-XX-8991	Married
11	BKERR	Bob G. Kerr	1066 Gwinnett Drive	Lawrenceville GA 3004	XXX-XX-8992	Single
12	BNUNNLEY	Brandee M. Nunnley	2777 Sweetwater Trail	Norcross GA 30093	XXX-XX-8894	Married
13	CLELAND	Charlene M. Leland	834 Chamblee Tucker R	Atlanta GA 30341	XXX-XX-6555	Married
14	CLIPPER	Conrad C. Lipper	588 Hammond Dr	Chamblee GA 30341	XXX-XX-2331	Married
15	CSWINTON	Colista A. Swinton	36 Piper Lane	Duruth GA 30155	XXX-XX-8997	Married
16	CYACHT	Carol Yacht				Single
17	DBECK	Dorothy L. Beck	3743 North Druid Hills R	Atlanta GA 30325	XXX-XX-7745	Married
18	DCARTER	Drake V. Carter	1679 Chattahoochee La	Flowery Branch GA 301	XXX-XX-8990	Single
19	DCROCKER	Dennis V. Crocker	3222 Sidney Marcus Blv	Atlanta GA 30319	XXX-XX-8526	Single
20	DGROSS	Derrick P. Gross	1264 Oak Lane	Lawrenceville GA 3024	XXX-XX-7746	Married
21	DNOVA	Duncan S. Nova	212 Landing Lane	Norcross GA 30093	XXX-XX-9113	Single
22	EADKINS	Elliott U. Adkins	11475 Lakefield Drive	Duruth GA 30155-1511	XXX-XX-8554	Single
23	GCHAPPLE	Griffin E. Chapple	8265 Champlain Ave	Cumming GA 30028	XXX-XX-5761	Single
24	GGARDNER	Giovanni V. Gardner	4328 Old Peachtree Rd	Norcross GA 30093	XXX-XX-2594	Married
25	GKELLOGG	Gary A. Kellogg	522 Neese Road	Woodstock GA 30188	XXX-XX-6931	Married

## 7. Exit Excel.

## MANUAL VS. COMPUTERIZED ACCOUNTING

Because there are differences between manual and computerized accounting systems, notice in several instances that the procedures used in PCA are slightly different than those outlined in the steps of the manual accounting cycle. The steps of the manual accounting cycle shown in most accounting textbooks differs slightly from PCA's computer accounting cycle.

The differences between the Manual and Computer Accounting Cycle are shown on the next page. The first step of the Computer Accounting Cycle is setting up a new company, which includes the option for selecting a Chart of Accounts. Starting with Chapter 9 you will set up 11 companies from scratch. In Chapters 1-8 you work with the two sample companies that are included with PCA.

The Manual Accounting Cycle does not include creating a new company. In manual accounting, the chart of accounts is the same as the accounts in the general ledger.

Step five of the manual cycle shows a worksheet. There is no worksheet in the computerized cycle. In PCA you can complete account reconciliation. Account reconciliation automates bank reconciliation.

Another important difference is that in the Computer Accounting Cycle, the adjusting entries are journalized and posted before printing the financial statements.

In the computerized cycle, Step 10, change accounting periods, is similar to closing the month manually except that the temporary accounts maintain balances so a post-closing trial balance is not available. PCA tracks income and expense data for an entire year. At the end of the year, all revenue and expense accounts are closed to equity. In all Peachtree companies (including sole proprietorships), a retained earnings account is needed so that posting to the general ledger can be done.

MANUAL ACCOUNTING CYCLE	PCA's COMPUTER ACCOUNTING CYCLE
1. Analyze transactions.	1. Create a new company or restore A New Company.
2. Journalize entries.	2. Analyze transactions.
3. Post to the ledger.	3. Journalize entries.
4. Prepare unadjusted trial balance.	4. Post to the ledger.
5. Prepare worksheet.	5. Print general ledger trial balance (unadjusted).
6. Prepare financial statements: income statement, statement of changes in owner's equity, and balance sheet.	6. Account reconciliation: reconciling the bank statement.
7. Adjust the ledger accounts: journalize and post adjusting entries.	7. Journalize and post adjusting entries.
8. Close the temporary accounts: journalize and post the closing entries.	8. Print the general ledger trial balance (adjusted).
9. Prepare post-closing trial balance.	9. Print financial statements: balance sheet, income statement, statement of cash flow, and statement of changes in financial position.
10. Reverse entries (optional).	10. Change accounting periods.
11. Interpret accounting information	

**INTERNET ACTIVITY**

The **Internet** is a global system of interconnected computer networks that use the standardized Internet Protocol Suite (TCP/IP), serving billions of users worldwide. It is a network of networks that consists of millions of private and public, academic, business, and government networks that are linked by copper wires, fiber-optic cables, wireless connections, and other technologies. The Internet carries a vast array of information resources and services, most notably the inter-linked hypertext documents of the **World Wide Web (WWW)** and the infrastructure to support electronic mail. To read more about the Internet go online to <http://en.wikipedia.org/wiki/Internet>.

1. Go online to [www.peachtree.com](http://www.peachtree.com). Select the Company tab, then Newsroom. Link to In the news.
2. From the In The News page, select two links. Using a word processing program, write an essay about each site you selected. Remember to include the website address of each link. Your summary of each site should be no more than 100 words or less than 75 words.
3. From your Internet browser, go to the textbook's website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011). Link to Student Edition.
4. In the Choose a Chapter field, select Chapter 1. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link to Internet Activities; then Part 1 Internet Activities for Chapter 1-8. Select  or .
5. Complete the first activity, ACCOUNTING MONOPOLY AND ACCOUNTING CROSSWORD PUZZLES – Chapter 1. Accounting Monopoly is a group activity. There are over 50 interactive crossword puzzles that focus on specific accounting topics and terminology.

**SUMMARY AND REVIEW**

Complete the following end-of-chapter activities:

1. Going to the net, pages 49-50.
2. True/make true questions, pages 50-52.
3. Exercises 1-1 and 1-2, 52-54.
4. Analysis questions, page 54.
5. Chapter 1 Index, pages 55-56.

**GOING TO THE NET****Comment:**

The textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011) has a link to Textbook Updates. Check this link for updated Internet Activities and Going to the Net exercises.



Access the Welcome to Careers in Accounting website at <http://www.careers-in-accounting.com/>.

Read the article Welcome to Careers in Accounting. (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 1.)

1. List four activities that accountants engage in (not including recording transactions and preparing financial statements).
2. Approximately how many people join public accounting firms each year?
3. What key factors contribute to being hired as an accountant?

**True/Make True:** Write the word True in the space provided if the statement is true. If the statement is not true, write the correct answer.

1. If the menu bar shows an underlined letter, hold down the <Ctrl> key and that letter to make a selection.

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2. Peachtree's Restore Wizard allows you to restore existing companies only.

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3. Peachtree's modular design is similar to other accounting software applications.

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4. When a Peachtree company is open, the name of the company is displayed on the title bar.


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5. In this book, angle brackets are used to indicate individual keys on the keyboard; for example <Tab>.

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6. You can close the application you are working with by single clicking with the mouse on the close button ().

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7. The Business Status Navigation Center is also called the dashboard.

---

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8. In PCA, some icons are common to all windows while other icons are specific to a particular window.

---


---

9. The Navigation Bar is located at the bottom of most Peachtree windows.

10. The extension used for Peachtree backups is .xlsx or .xls.

**Exercise 1-1:** Follow the instructions below to complete Exercise 1-1:

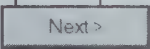
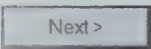

1. Start PCA. Open the sample company, **Whewether Garden Supply**.
2. Follow these steps to restore your data from the end of Chapter 1:
  - a. From the Company page, link to **Restore**. (The backup file was made pages 43-44.)
  - b. The Select Backup File window appears. If the Location field is correct, click **Next >**; or, if your backup file resides in a different location, follow the steps in the Read Me box below.



**Read Me:**

If your back up file is located on external media, click **Browse**, then follow these steps.

1. The Open Backup File window appears. In the Look in field, select the appropriate location of your backup file.
2. Highlight the Chapter 1.ptb file.
3. Click **Open**, then **Next >**. Continue with step c. on the next page.


- c. From the Select Company window make sure that the radio button is next to An Existing Company. The Company name field shows Bellwether Garden Supply; the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS\Chapter 1.ptb (or the appropriate location on your computer). Click .
  - d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
  - e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored and you are returned to the menu bar.
  - f. If necessary, remove the external media.
3. Continue using PCA and complete Exercise 1-2.

**Exercise 1-2:** Follow the instructions below to complete Exercise 1-2:



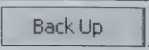
1. Add Janice Woods as a new employee.

Employee ID: JWOODS [use all caps]  
 Name: Janice Woods [use upper and lower case]  
 Address: 5301 State Street  
 City, ST Zip: Norcross, GA 30093

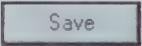

2. Print the Employee List.

Select  Employees & Payroll.  
 In the Employees area, link to View Detailed List.

Employees				
Employee ID	Last Name	First Name	Telephone 1	Pay Method
ACHESTER	Chester	Amanda	404-555-7447	Hourly - Hour
ADUKE	Duke	Al	770-555-3349	Hourly - Hour
ACHETER	Hester	Anthony	770-555-4558	Hourly - Hour

3. Click , then make the selections to print. (If necessary, click on Employee ID to display the list in alphabetical order.)
4. After printing the Employee List, close the Employee List window.
5. Follow these steps to back up Exercise 1-2:
  - a. Click  Company; link to Back up.
  - b. Click .



- c. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Exercise 1-2** in the File name field.
- d. Click .
- e. When the window prompts that This company backup will require approximately 9.84MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point. You are returned to the menu bar.



#### Read Me: Problem Backing Up to USB Drive

If you encounter difficulties backing up to a USB drive, backup to your desktop first. Then copy the backup file from your desktop to a USB drive. Refer to Appendix A, Problem Backing Up to USB Drive or Other External Media, pages 771-772 for detailed steps.

6. Export the Employee List to Excel. Save. Use **Exercise 1-2\_Employee List.xlsx** as the file name. Refer to step 2, p. 53, for the Employee List. Click Send To Excel to Create a new Microsoft Excel workbook. (If you are using Excel 2003 or lower, the file extension is .xls.)
7. Export the Chart of Accounts to Excel. Use **Exercise 1-2\_Chart of Accounts.xlsx** as the file name. (Refer to pages 18-19 for displaying the chart of accounts.)

**Check your figures:** Account No. 10200, Regular Checking Account: \$23,389.83.

**Comment:** If your instructor would like Peachtree reports attached for grading purposes, see pages 45-47, Exporting Peachtree Report Data to Microsoft Excel. To export two Peachtree reports to one Excel file, see pages 88-89.

8. Exit Excel and Peachtree.

### ANALYSIS QUESTIONS:

1. How many menu bar selections does Peachtree Complete Accounting 2011 have? List the menu bar selections that are available.
2. What is the Navigation Bar? Briefly describe its function.

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## Chapter


# 2

## Vendors

### LEARNING OBJECTIVES

1. Restore data from Exercise 1-2. (This backup was made on pages 53-54.)
2. Enter a purchase order.
3. Apply receipt of inventory to existing purchase order.
4. Enter and post a vendor invoice in the Purchases/Receive Inventory window.
5. Go to the Payments window to pay a vendor.
6. Print a check in payment of the vendor invoice.
7. Add a Terms column to the Vendor Ledgers report.
8. Analyze payments and vendor credit memos.
9. Export the Vendor List and Vendor Ledgers to Excel.
10. Complete the Internet Activity online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
11. Make two backups and save two Excel files.<sup>1</sup>

Chapter 2 explains how Peachtree works with vendors. The first thing

you do is select  from the Navigation Bar to go to the Vendors & Purchases Navigation Center.

When Bellwether Garden Supply orders and receives inventory from vendors, Account No. 12000, Inventory, is debited. Accounts Payable and the vendor account are credited.

Vendors offer Bellwether a **purchase discount** for purchase invoices paid within a discount period. Purchase discounts are cash discounts from vendors in return for early payment of an invoice; for example, 2% 10, net 30 days. If Bellwether pays an invoice within 10 days, they can deduct two percent from the invoice amount. In Peachtree, the purchase discount is entered when the vendor is paid. If the payment is not made

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<sup>1</sup>Refer to the chart on page 2 for the size of backups and saved Excel files.

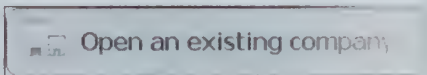
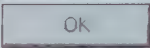




within 10 days, the full invoice amount is paid within 30 days. In this chapter, you learn how PCA handles accounts payable transactions with vendors.

## GETTING STARTED

Follow these steps to start PCA:

1. Start Peachtree.
2. Open the sample company, Bellwether Garden Supply. From PCA's startup window, there are two ways to open Bellwether:


- a. Click ; select Bellwether Garden Supply, .
- b. Or, in the Other Tasks list, select  Bellwether Garden Supply,  (or, press <Enter>).

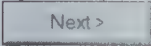
In this textbook, it is assumed Bellwether Garden Supply is included when Peachtree 2011 was installed. Bellwether's hard drive location is C:\Sage\Peachtree\Company\Sample\PCA\BCS. (Hint: Your Program Files Location and Company Data Files Location may differ. Refer to File Management, pages xvii-xviii.) BCS is the shortened name that Peachtree assigns to Bellwether. If the BCS folder was deleted, you can restore the file from your backup. Refer to the Read Me box on page 29. The Restoring Data from Exercise 1-2 section below assumes Bellwether can be opened from Peachtree's startup window.


## RESTORING DATA FROM EXERCISE 1-2

On pages 53 and 54, Exercise 1-2 is backed up (saved). In order to begin where you left off, restore the Exercise 1-2.ptb file. Restoring allows you to start where you left off at the end of Chapter 1.

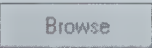
Follow these steps to restore the Exercise 1-2.ptb file.

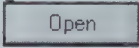
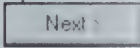
1. From the Navigation Bar, select ; link to Restore. (The Exercise 1-2 backup file was made pages 53-54.)

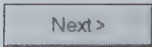
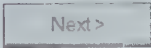
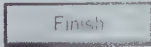
2. The Select Backup File window appears. If the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS\Exercise 1-2.ptb (or your default location), click . If your backup file is located on external media, read the information in the Read Me box below.



**Read Me**


If your back up file is located on external media, click , then follow these steps.

- The Open Backup File window appears. In the Look in field, select the appropriate location of your backup file.
- Highlight the Exercise 1-2.ptb file.
- Click , then . Continue with step 3 below.

3. From the Select Company window make sure that the radio button next to An Existing Company is selected. The Company name field shows Bellwether Garden Supply; the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS; or, your company data files location. (*Hint: Look at your title bar, it should show Bellwether Garden Supply - Peachtree Accounting.*) Click .
4. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
5. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored and you are returned to the Company Navigation Center. (If necessary, remove external media.)



To make sure you are starting in the appropriate place in the data (Exercise 1-2 backup), display the Employee list. (*Hint: From the*

Navigation Bar, select . In the Employees area, link to View Detailed List. Your name and JWOODS should appear. You added yourself as an employee on pages 42-43, and added JWOODS in Exercise 1-2, pages 53-54.)


## ACCOUNTS PAYABLE SYSTEM

Peachtree's **Accounts Payable System** provides the summary information needed for the entry that credits Accounts Payable and debits the various asset and expense accounts that the vendor invoices represent. Since Bellwether Garden Supply receives credit from a number of vendors, the company keeps close track of the amount owed and the due dates of the bills.

Vendor transactions are a five-step process:

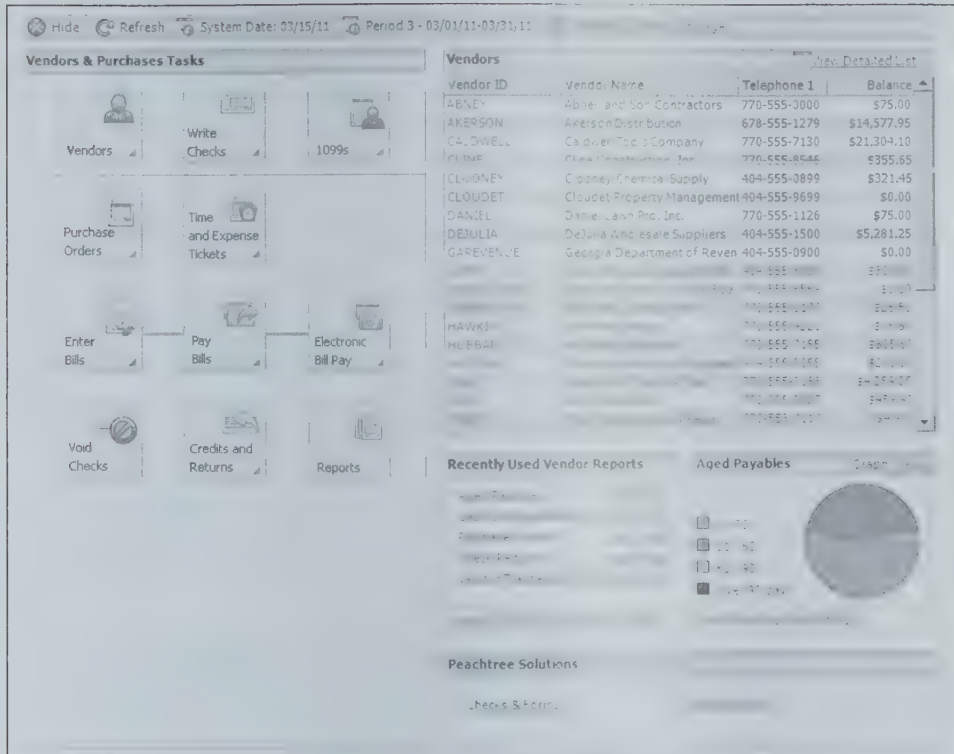
1. **Maintain Vendors:** Set up a new vendor.
2. **Purchase Orders:** Order items from one of Bellwether's vendors.
3. **Purchase Invoices:** Receive inventory or services from one of Bellwether's vendors. Apply a purchase order to a purchase invoice.
4. **Payments:** Pay a vendor or record a vendor purchase. (PCA also includes vendor credit memos.)
5. **Print Checks:** Print a check for payment to a vendor or for expenses.

Before you begin adding accounts payable transactions, examine the Vendors & Purchases Navigation Center. Follow these steps to do that.


1. From the Navigation Bar, select  **Vendors & Purchases**. The Vendors & Purchases Navigation Center appears. Vendors & Purchases illustrates Peachtree's **accounts payable module** or accounts payable system. The Vendors & Purchases Navigation Center includes Vendors & Purchases Tasks and its workflow diagram, Vendors, Recently Used Vendor Reports, Aged Payables, and Peachtree Solutions.

Modules organize Peachtree's transaction windows and reports. When the Navigation Bar's Vendors & Purchases selection is made, Peachtree's accounts payable system is shown. The menu bar selections, Tasks and Reports & Forms, are also organized by module; for example, the Reports & Forms menu includes Accounts

Receivable, Accounts Payable, General Ledger, etc. Compare your Vendors & Purchases Navigation Center with the one shown.



The Vendors & Purchases Navigation Center displays information and access points related to the company's vendors. It includes a summary of vendor information, access to recently used vendor reports, and an overview of the company's aged payables. In addition, the Navigation Center shows the flow of vendor-related tasks. You can also link or drill down to various areas.

- In the Vendors area, click ABNEY. The Maintain Vendors window appears with information about Abney and Son Contractors.
- Click  to return to the Vendors & Purchases Navigation Center.



## The Purchase Order Window

**Purchase orders** are used to place an order from a vendor. When you post a purchase order, you do not update accounting information. A purchase order is used to request items from a vendor. When the Apply to Purchase Order tab is selected on the Purchases/Receive Inventory window and the transaction is posted, accounting information (inventory, accounts payable subsidiary ledger, general ledger) is updated.

## Changing Global Settings for Accounting Behind the Screens

Peachtree is a double-entry accounting system. There is a selection in Options/Global that allows you to hide general ledger accounts. This is called Accounting Behind the Screens. The PCA windows in this book show the general ledger accounts. To check the Accounting Behind the Screens settings, follow the steps shown below.

1. From the menu bar, click Options, then Global. The Accounting tab is selected. The boxes in the Hide General Ledger Accounts section *must* be unchecked. (If necessary, click on the boxes to uncheck them.)

### Hide General Ledger Accounts

- ☐ Accounts Receivable (Quotes, Sales Orders, Invoicing, Credit Memos, Receipts)
- ☐ Accounts Payable (Purchase Orders, Purchases, Credit Memos, Payments)
- ☐ Payroll Entry

2. Observe that two boxes need to be checked in the Other Options section: Warn if a record was changed but not saved and Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry. Make sure *both* of these Other Options boxes are checked.

### Other Options

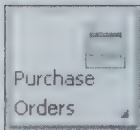
- ☒ Warn if a record was changed but not saved
- ☐ Hide inactive records
- ☒ Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry
- ☐ Use Timeslips by Sage Accounting Link

- Click on the General tab. Make sure your Line Item Entry Display has 2 Line selected; and that the Smart Data Entry area has all three boxes checked.

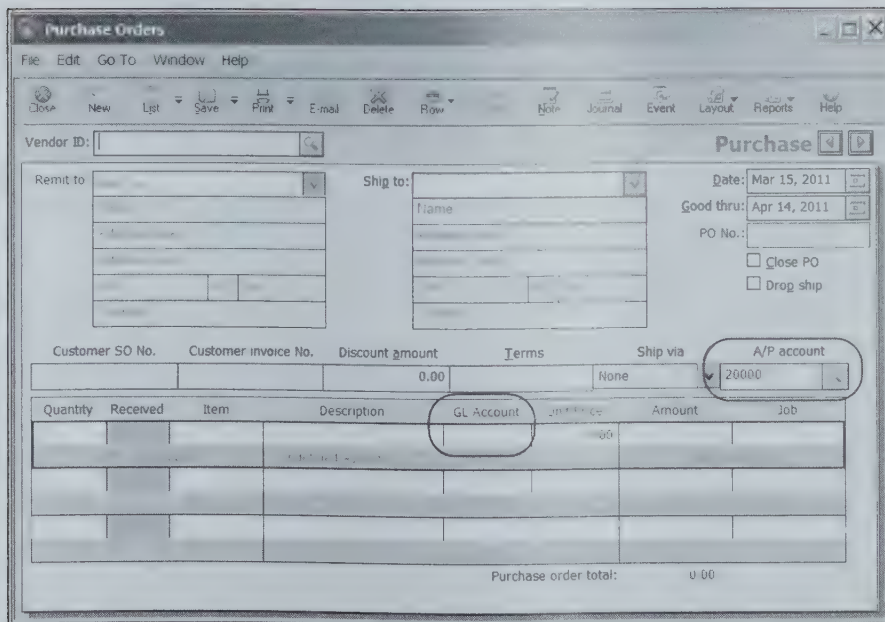
Line Item Entry Display	
<input type="radio"/> 1 Line <input checked="" type="radio"/> 2 Line	
Smart Data Entry	
<input checked="" type="checkbox"/> Automatic field completion	<input checked="" type="checkbox"/> Automatic field selection on maintenance windows
<input checked="" type="checkbox"/> Drop-down list displays automatically	

- Click .

- From the Vendors & Purchases Navigation Center, select



; New Purchase Order. The Purchase Orders window displays.



If your Purchase Orders window does *not* show an A/P Account

A/P Account  
20000

GL Account

lookup field or a GL Account field, the option to hide general ledger accounts is selected. Uncheck the Hide General Ledger Accounts boxes in Options; Global. (*Hint: See the instructions on pages 62-63 steps 1-4, for changing the global settings.*)

6. Your cursor is in the Vendor ID lookup field. Type **A** (use capital A). ABNEY displays in the lookup field.

ABNEY	Abney and Sons Tree Service	770-555-0000
AKERSON	Akerson Distribution	678-555-1279
CALDWELL	Caldwell Tools Company	770-555-7130
CLINE	Cline Construction, Inc.	770-555-8546
CLOONEY	Clooney Chemical Supply	404-555-0899
CLOUDET	Cloudet Property Management	404-555-9699
DANIEL	Daniel Lawn Pro, Inc.	770-555-1126
DEJULIA	DeJulia Wholesale Suppliers	404-555-1500
GAREVENUE	Georgia Department of Revenue	404-555-0900
GARY	Gary, Wilson, Jones, & Smith	404-555-8000
GWINLICENSE	Gwinnett County License Board	770-555-5559
GWINWATER	Gwinnett County	555-0000

OK Cancel Find New Sort Help

#### Comment

If the Vendor ID field is not completed, the Automatic Field Completion option is *not* selected. Click Options, then Global. Click on the General tab. In the Smart Data Entry section, make sure that a check mark is placed next to Automatic field

completion. Click  when you are finished.

7. Click on the Date field. Highlight the date, then type **28** and press **<Enter>**. Your cursor moves to the Good thru field. Press **<Enter>** to accept the default. Your cursor moves to the PO No. field.
8. Click on the Quantity field. Type **20** as the Quantity. If necessary, refer to the Comment on the next page.

**Comment**

If 20.00 does *not* display in the Quantity field, click Options; Global. Make sure that the Decimal Entry shows Manual; and that the Number of decimal places is 2.

<b>Accounting</b>	General	Peachtree Partners		
<div> <div> <b>Decimal Entry</b> </div> <div> <b>Number of Decimal Places</b> </div> </div>				
<div> <input type="radio"/> Automatic         </div> <div> <input checked="" type="radio"/> <b>Manual</b> </div>				
<div> <div> Quantity fields </div> <div> Standard fields </div> </div> <div> <div> 2 </div> <div> 2 </div> </div>				
When you are through, click <input type="button" value="OK"/>				

9. Press **<Enter>**. Your cursor is in the Item field.
10. Click once on the magnifying-glass icon in the Item field. Click AVRY-10150 Bird Bath - Stone Gothic 2pc. The Description field is automatically completed with detailed information.
11. Press the **<Enter>** key and your cursor moves to the GL Account field. Notice that Account No. 12000 is automatically selected. Account No. 12000 is the Inventory account. The word Inventory is also displayed on the line below the Description. (*Hint: If Inventory is not shown, refer to step 1, page 62.*)
12. Press the **<Enter>** key to go to the Unit Price field. The Unit Price of 51.95 automatically displays.
13. Press the **<Enter>** key to go to the Amount field. Peachtree calculates the quantity times the unit price and enters the result in the Amount field (20 X \$51.95 = \$1,039.00).
14. Press the **<Enter>** key to go to the Job field. The Job field is also a lookup field. It contains a list of the jobs and their descriptions. Since Bellwether does not apply this purchase to a job, press the **<Enter>** key to skip this field. Complete the following information:

Quantity:     **50**  
 Item:         **AVRY-10100 - Bird House Kit**



**Purchase Orders**

File Edit Go To Window Help

Close New Up Save Print E-mail Run Audit Add Edit Delete Layout Reports Help

Vendor ID: ABNEY

**Remit to:** Mail To: Abney and Son Contractors  
3280 Park Lane  
Suite 2  
Smyrna GA 30080  
USA

**Ship to:** Bellwether Garden Supply  
1500 E. Highway  
Norcross GA 30093-3203  
USA

Date: Mar 28, 2011  
Good thru: Apr 27, 2011  
PO No.:  
☐ Close PO  
☐ Drop ship

Customer SO No. Customer invoice No. Discount amount Terms Ship via A/P account

Quantity	Received	Item	Description	GL Account	Amount	Job
20.00		AVRY-10150	Catalog #B11315: Bird Bath	12000	1,000.00	
5.00		AVRY-10100	Assembled Redwood 11' Bird		2,834.00	

Vendor balance on Mar 28, 2011 75.00

3,834.00

When you selected Abney and Son Contractors, the Vendor Account Balance as of March 28, 2011 also appears on the lower left side of the Purchase Orders window. You can drill down to Abney and Son Contractors vendor ledger by clicking on the right arrow (▶) in the Vendor Balance area.

Observe that the icon bar also includes a Reports button. Click on the down-arrow next to the Reports button.

Journal Event Layout Reports

Buyer Report  
Inventory Stock Status Report  
Items Purchased from Vendors  
Job Ledger  
Vendor Ledgers

15. Click . The Accounting Behind the Screens, Purchase Order Journal window displays. Compare your Accounting Behind the Screens window to the one shown below. This window shows that

Account No. 12000, Inventory, was debited for two items and that Accounts Payable was credited. (The vendor account, Abney and Sons, is also credited.)

**Accounting Behind the Screen** [X]


Cancel OK Help

Date: Mar 28, 2011  
PO #:


*G/L accounts are updated only when items on the purchase order are received.*



**Purchase Order Journal**

Account No	Description	Debit	Credit
12000	Catalog #B11315: Bird Bath - S		
12000	Assembled Redwood 12-Room Bird		
20000	Accounts Payable		3,834.00
		Totals	

16. Click . You are returned to the Purchase Orders window.

## Printing Purchase Orders

When you select , PCA prints the purchase order and posts it to the purchase order journal. Follow these steps to print the purchase order:


1. Click . (Or, click on the down-arrow next to Print and select Print Preview to display the purchase order.)
2. The Print Forms: Purchase Orders window appears. Accept the default for First PO Number 101 by clicking . (If you selected Print Preview, there is a Print Preview button —



[Print Preview](#)


.) The purchase order starts to print. Compare your purchase order to the one shown below.

ORDERED BY <b>Bellwether Garden Supply</b> 1505 Pavilion Place Norcross, GA 30093-3203 USA  Voice 770-724-4000 Fax 770-555-1234		<h2 style="margin: 0;">PURCHASE ORDER</h2> Purchase Order No 101 Date Issued 3/28/11		
<b>To:</b> Abney and Son Contractors 3280 Park Lane Suite 2 Smyrna, GA 30080 USA		<b>Ship To:</b> Bellwether Garden Supply 1505 Pavilion Place Norcross, GA 30093-3203 USA		
<b>Good Thru</b>	<b>Ship Via</b>	<b>Account No.</b>	<b>Terms</b>	
4/27/11	None	BEL005	2% 10, Net 30 Days	
<b>Quantity</b>	<b>Item</b>	<b>Description</b>	<b>Unit Cost</b>	<b>Amount</b>
20.00	AVRY-10150	Catalog #B11315 Bird Bath - Stone Gothic 2pc	51.75	1,035.00
50.00	AVRY-10100	Assembled Redwood 12 Room Bird House on 14 ft. pole Attracts Purple Martins Bluebirds and Wrens	55.00	2,750.00
			<b>TOTAL</b>	<b>\$3,834.00</b>
Authorized Signature _____				

**Comment**

The purchase order form that printed is called Purchase Order. To print a different form, click . Then, select Purchase Preprinted as the form to print. When you select a different form, the information is the same but the look of the form changes.

3. If you displayed the report, click . The Purchase Orders window is ready for the next entry. (*Hint: Selecting the Print icon saves and posts the purchase order. If you are not connected to a printer, click .*)

4. Click .

**Receive Inventory from a Purchase Order**

After you have entered a purchase order, the next step is to receive the inventory. Peachtree allows you to receive a different quantity for an item than you originally ordered. In other words, you can receive less than or more than the originally ordered quantity.

Let's see how Bellwether's purchase orders match up to the inventory received.

1. From the Vendors & Purchases Navigation Center, select Purchase Orders, View and Edit Purchase Orders.
2. Double-click DEJULIA, PO No. 10300. Observe that some of the items are received and some are not. For example, six BGS Garden Handbooks (BOOK-11010) have not been received. Twelve Clay Flower Pot – 6 in. (POTS-30210) were received.

PO No. 10300 is shown on the next page.




Quantity	Rate	Item	Description	GL Account	Unit Price	Amount	Job
6.00		BOOK-11010	ISBN: 0004455565445 BGS Gardening Handbook	12000	5.20	31.20	
12.00	6.00	BOOK-11030	ISBN: 000788555445 BGS Vegetable Garden Primer			72.00	
12.00	12.00	POTS-30210				144.00	
12.00		SEPL-31100	Catalog #:			144.00	
12.00		SEPL-31140	Catalog #: 101024: Marigold Seeds (Mb)			144.00	
12.00		SEVG-33100	Catalog #: 103000: Bean - Bush Seeds			144.00	

Vendor balance on Mar 1, 2011: 2,663.00

Purchase order total: 144.00

The Received field shows items added to inventory.

3. Select  Reports, Inventory Stock Status Report. The Inventory Stock Status Report shows the inventory items purchased from DeJulia Wholesale Suppliers, item class, stocking units/measures, quantity on hand, minimum stock order, reorder quantity, and the inventory location.
4. Close the Inventory Stock Status Report.

### Apply to Purchase Order

To see if inventory items from PO No. 10300 have been applied, follow these steps.

1. On the Purchase Orders window, link to View related transactions.
2. Double-click Purchase 22113. The Purchases/Receive Inventory window appears. This is Peachtree's Purchase Journal. Observe that

some of the items from PO No. 10300 are shown. (The Apply to Purchase Order No. field shows 10300, the PO number.)

**Purchases/Receive Inventory**

File Edit Go To Window Help

Vendor ID: **DEJULIA**

Remit to: DeJulia Wholesale Suppliers  
4800 Peachtree Ind. Blvd.  
Duluth, GA 30092 USA

Ship to: Bellwether Garden Supply  
1505 Pavilion Place  
Norcross, GA 30093-3203  
USA

Date: **Mar 10 2011**  
Invoice No.: **22113**

**UNPAID**

Customer SO No. Customer invoice No. Terms Ship via A/P account


Apply to Purchase Order No.: **10300** Apply to Purchases: 0.00

Remaining	Received	Description	GL Account	Unit Price	Amount	Job
BOOK-11010	6.00	ISBN: 0004455565445 BGS Gardening Handbook	12000	5.20		
BOOK-11010	12.00	ISBN: 000788555445 BGS Vegetable Garden Primer	12000	5.20	31.20	
POT-11010	12.00	Catalog # P70320: Clay Flower Pot - 6 in.	12000	2.35	28.20	
SEED-11010	12.00	Catalog #: 101020: Carnation Seeds (Mix)	12000	0.55		

Other payments and credits: 0.00 64.80 Invoice total  
Amount paid at purchase: 0.00 64.80 Net due

Vendor balance on Mar 10, 2011 3,496.25

When purchase orders are applied, the transaction appears in

Peachtree's Purchase Journal. Click  to see how the Purchases Journal was debited and credited. When the Purchases/Receive Inventory window (Purchase Journal) is posted, the vendor, DeJulia Wholesale Suppliers, is updated in the vendor ledger, and the controlling account, Accounts Payable, is updated in the general ledger. Inventory is also updated. Close the Purchase Journal window.

Observe that the Purchases/Receive Inventory window shows Unpaid. Also, the Invoice total and Net due fields show \$64.80 (the items received so far). The entire purchase order was for \$140.40. As of March 10, Bellwether has not received all the items requested on PO 10300. Payment will be made at a later date.

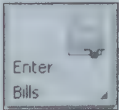
From the Purchases/Receive Inventory window, link to View related transactions to go to Purchase Order 10300. This is the same Purchase Orders window shown on page 70.

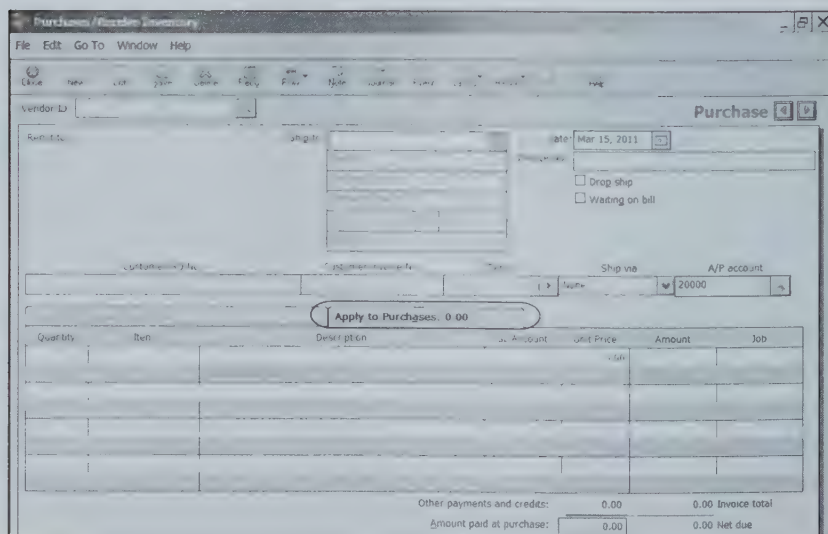
3. Close all windows. (*Hint:* From the menu bar, select Window; Close All.)

### The Purchases/Receive Inventory Window


In Peachtree, the Purchases/Receive Inventory window is the Purchase Journal. The Apply to Purchases tab is the default. The lower half of the window shows fields for Quantity, Item (inventory items), Description, GL Account, Unit Price, Amount, and Job. Observe that the default for the A/P Account is 20000, Accounts Payable. The Purchases/Receive Inventory window looks like a purchase order. Similar to other PCA windows, the icon bar appears at the top of the window.

Follow these steps to learn how to process vendor transactions.

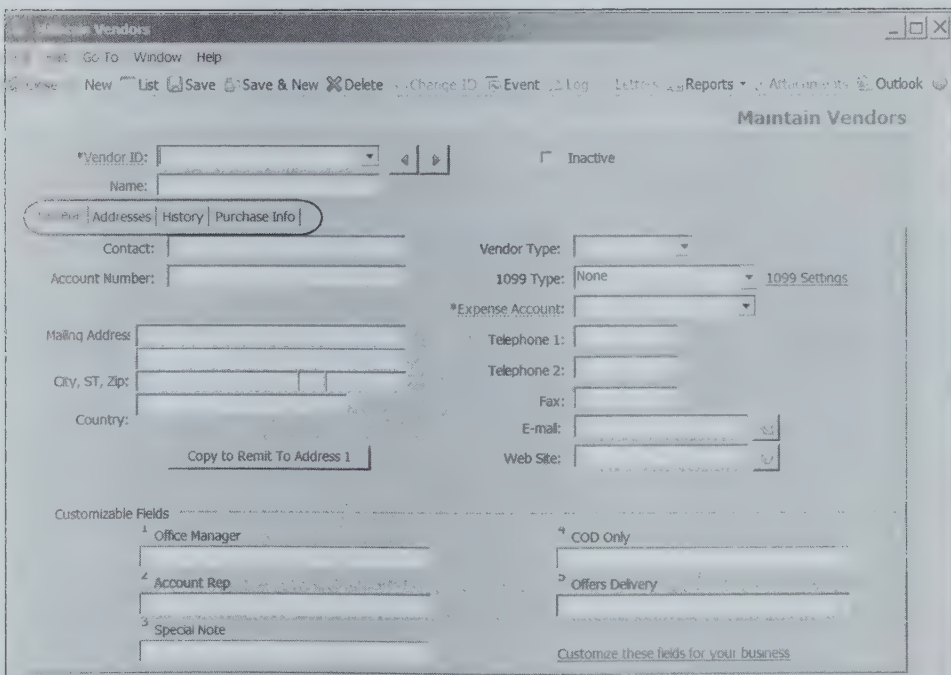
1. From the Vendors & Purchases Navigation Center, select ; New Bill. The Purchases/Receive Inventory window appears. Observe that the Apply to Purchases tab is the default. The cursor is in the Vendor ID field.



The screenshot shows the 'Purchases/Receive Inventory' window. The 'Purchase' tab is active. The 'Vendor ID' field is empty and has the cursor. The 'Date' is set to 'Mar 15, 2011'. The 'Ship via' field is empty. The 'A/P account' is set to '20000'. Below these fields is a table with columns: Quantity, Item, Description, Amount, Unit Price, Amount, and Job. The table is currently empty. At the bottom of the window, there are summary fields: 'Other payments and credits: 0.00', 'Amount paid at purchase: 0.00', 'Invoice total: 0.00', and 'Net due: 0.00'.

To see more lines in the Quantity/Item/Description table, make the Purchases/Receive Inventory window larger. You can do this by putting your mouse on the bottom border of the window and pulling down. The mouse changes to a double-arrow . With the cursor on the bottom border of the window, pull the window down to make it larger. If necessary, repeat this step on the left and right borders.

2. With the cursor in the Vendor ID field, press the plus key <+> and the Maintain Vendors window appears.



Observe that there are four tabs on the Maintain Vendors window: General, Addresses, History, Purchase Info.

## Adding a New Vendor

You are going to enter a new vendor, Anderson's Landscaping. Since a **coding system** has already been established for Bellwether's vendors, you should continue to use the same one. The coding system used has



uppercase letters. To be consistent, Anderson's Landscaping will use **ANDERSON**. Notice that the name of the company is typed in all capital letters. What if two companies have the same name, such as, Anderson's Landscaping and Anderson's Suppliers? They could be coded as **ANDERSON** and **ANDESUPPL**.

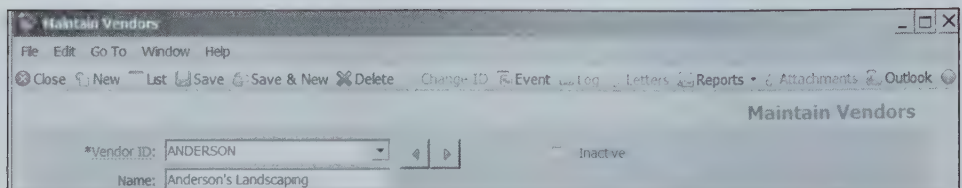
You should be consistent so that others working with the company can figure out what a customer or vendor code is from the company's name. This is accomplished when a logical, consistent coding system is followed. Remember codes are **case sensitive** which means that you must type either upper or lowercase letters: **ANDERSON** is not the same as **anderson**.

You have choices for coding. Here are some other suggestions for coding Anderson's Landscaping:

- AND:** the first three letters of the company's name.
- ANDL:** the first three letters of a company's name, the first letter of the second word.
- ANDERSON:** An alphabetic code for a company name, using the first word. This is the Vendor ID used for Anderson's Landscaping and is consistent with Bellwether's other vendors.

Follow these steps to continue in the Maintain Vendors window:

1. Make sure the Maintain Vendors window is displayed. Type **ANDERSON** in the Vendor ID field and press **<Enter>**. Your cursor is in the Name field.
2. Type **Anderson's Landscaping** in the Name field.



3. Press **<Enter>** two times. Your cursor is in the Contact field. The person who handles sales for Anderson's Landscaping is Frank Anderson. Type **Frank Anderson** and press **<Enter>**.
4. Your cursor is in the Account Number field. Click on the Vendor type field. (Skip the Account Number and Address fields.) For now, you are going to use only one more field in the Maintain Vendors window: Vendor Type. The Vendor Type field is used for classifying vendors. You could classify vendors as Service or Supply to indicate what type of goods you purchase from them.
5. Click on the down-arrow in the Vendor Type field. Select SUPPLY.
6. Click on the down-arrow in the Expense Account field. Scroll down the list. Select Account No. 57200, Materials Cost. Press **<Enter>**. When Anderson's Landscaping is selected as the vendor, Account No. 57200, Materials Cost, will be automatically debited.

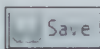
The screenshot shows the 'Maintain Vendors' window. At the top, there's a menu bar with 'File', 'Edit', 'Go To', 'Window', and 'Help'. Below the menu bar is a toolbar with icons for 'Close', 'New', 'List', 'Save', 'Save & New', 'Delete', 'Change ID', 'Event', 'Log', 'Letters', 'Reports', 'Attachments', and 'Outlook'. The main area is titled 'Maintain Vendors'. It contains several fields: 'Vendor ID' (ANDERSON), 'Name' (Anderson's Landscaping), 'Contact' (Frank Anderson), 'Account Number' (empty), 'Vendor Type' (SUPPLY), '1099 Type' (None), and 'Expense Account' (57200). There are also tabs for 'Addresses', 'History', and 'Purchase Info'. The 'Purchase Info' tab is currently selected.

If you need to move between fields to make corrections, use the **<Tab>** key to move forward and the **<Shift> + <Tab>** to move backwards.

7. Click on the Purchase Info tab. Notice that the Vendor ID and Name fields stay the same: ANDERSON and Anderson's Landscaping. Also, observe the Terms and Credit are 2% net 10, 30 days. Purchase discounts are described on page 57.

The screenshot shows the 'Maintain Vendors' window with the following details:

- Vendor ID:** ANDERSON
- Name:** Anderson's Landscaping
- General | Addresses | History | Purchase Info** (selected tab)
- Purchase Defaults:**
  - Purchase Rep: [Empty]
  - Tax ID Number: [Empty]
  - Ship Via: None
- Form Options:**
  - Batch Delivery Method: Paper Form (selected), E-mail
  - E-mail purchase rep when using batch processing to send forms: [Unchecked]
- Terms and Credit:**
  - Use default terms: [Empty]
  - Net due in 30 days
  - Discount in 10 days
  - Discount Percent: 2.00 %
  - Credit Limit: \$5,000.00
- Callout Box:** 2% net 30 days

8. Click , then  to return to the Purchases/Receive Inventory window.

### Entering a Vendor Invoice


Make sure that the Purchases\Receive Inventory window is displayed and that the cursor is in the Vendor ID field. Follow the steps below to enter the transaction.

*Date*

*Transaction Description*

03/15/2011

Invoice No. AND107 was received from Anderson's Landscaping for the purchase of Plant Food, \$45.  
(Hint: Debit Account No. 57200, Materials Cost; Credit Account No. 20000, Accounts Payable/Anderson's Landscaping.)

1. In the Vendor ID field, click . Select ANDERSON, Anderson's Landscaping.
2. Observe that the date is Mar 15, 2011. You are *not* going to change the date. Click on the Invoice No. field. Type **AND107** and press **<Enter>**.

3. Click on the Quantity field and type **1** and press **<Enter>**.
4. Since you are not purchasing an inventory item, press the **<Enter>** key again.
5. The cursor moves to the Description field. In the Description field, type **Plant Food** and press **<Enter>**.
6. In the GL Account field press **<Enter>** to accept Account No. 57200, the Materials Cost account.
7. In the Unit Price field, type **45** and press **<Enter>**. Compare your Purchases/Receive Inventory window to the one shown below.

**Purchase**

Anderson's Landscaping

Ship to: Bellwether Garden Supply  
1505 Pavilion Place  
Norcross, GA 30093-3203  
USA

Date: Mar 15, 2011  
Invoice No.: AND107

☐ Drop ship  
☐ Waiting on bill

Customer SO No. Customer invoice No. Terms 2% 10, Net 30 Day Ship via None A/P account 20000

Apply to Purchases: 45.00

Item	Description	GL Account	Unit Price	Amount	Job
	Plant Food	57200	45.00	45.00	
	Materials Cost			0.00	

Other payments and credits: 0.00 45.00 Invoice total  
Amount paid at purchase: 0.00 45.00 Net due


for balance on Mar 15, 2011 0.00

**Comment:** What if your Purchases/Receive Inventory window does *not* show an A/P Account field or GL Account field?

You should check your settings in the Options/Global selection. Make sure that the boxes in the Hide General Ledger Accounts section are unchecked. These steps were shown on pages 62-63, steps 1-4.



**Editing a Journal Entry.** Observe that the Purchases/Receive Inventory

window includes a  icon. Selecting List displays the Purchase List window. Then, drill down to an entry that you want to edit or change. The Purchases/Receive Inventory window is Peachtree's Purchase Journal. The List icon is included on journal-entry windows.

### Posting a Purchase Transaction

When you made this entry in the Purchases/Receive Inventory window, you debited Account No. 57200, Material Costs, which is a General Ledger Cost of Sales account; and credited Accounts Payable/Anderson's Landscaping. ANDERSON is the vendor account. (To see

this account distribution, click .)

Acct. #	Account Description	Debit	Credit
57200	Materials Cost	45.00	
20000/ ANDERSON	Accounts Payable/ Anderson's Landscaping		45.00

Follow these steps to post this transaction.

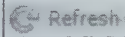
1. Make sure the Purchases/Receive Inventory window is displayed as shown on page 77.

2. Click  to post the vendor invoice.

3. Click  to return to the Vendors & Purchases Navigation Center.

**Read Me:**

The Vendors area on the Vendors & Purchases Navigation Center does *not* show the vendor that I added. How do I update the list?

The toolbar (above Vendors & Purchases Tasks) includes a  Refresh button. Click it. Observe that the Vendors list now includes ANDERSON, Anderson's Landscaping with a \$45.00 balance, which is the amount of the invoice recorded and posted on pages 76-78 (Entering a Vendor Invoice; Posting a Purchase Transaction).

## PAYMENTS TO VENDORS

When you make a payment to a vendor, use the Payments window. The Payments window is the Cash Disbursements Journal. On pages 73-76, you added a new vendor; then entered and posted an invoice to that vendor on pages 76-78. *Both* the new vendor and invoice *must* be completed *before* a vendor payment can be made.

<i>Date</i>	<i>Transaction Description</i>
03/17/2011	Issued Check No. 10215 to Anderson's Landscaping in payment of Invoice No. AND107.

Follow these steps to pay the Anderson's Landscaping invoice:

1. From the Vendors & Purchases Navigation Center, select



; Pay Bill. Remember, to enlarge the window use the cursor's double-arrow and pull the window to the left/right or top/bottom.

There are two parts to the Payments window: the check section at the top; and the invoice section at the bottom.

The cursor is in the Vendor ID field. Click on the magnifying-glass icon, then select ANDERSON, Anderson's Landscaping. Look at the invoice section. The invoice number AND107 is shown with the amount that Bellwether owes to Anderson's Landscaping.

2. Click on the Date field. Type or select 17.
3. Click on the Pay box for Invoice AND107. Notice that the check portion of the window is completed. The amount to be paid is 44.10. This is the amount of the invoice less the 2% discount ( $\$45 - .90 = \$44.10$ ). Compare your Payments window to the one shown below.

Payments

File Edit Go To Window Help

Close New Lpt Save Print Delete Rec'd Row Detail Journal Event Print

Electronic payment Bellivether Garden Supply

Vendor ID: ANDERSON

Forty Four and 10/100

Pay to the order of: Main Co

Memo:

Payment

Cash account: 10200 Regular Checking Account

Cash account balance:



Apply to Invoices: 44.10


Apply to Expenses: 0.00

Invoice	Date Due	Amount Due	Description	Discount	Amount Paid	Pay
AND107	Apr 14, 2011	45.00		0.90	44.10	<input checked="" type="checkbox"/>

Discount account: 89500

- **Troubleshooting Tip:** Observe that the Check number field is blank. The check number is assigned when you print. Enter a check number if checks are *not* going to be printed. Checks are printed on pages 81-84.

4. To see the Cash Disbursements Journal entry, click . Observe the debits and credits (account distribution is shown on the next page). Click  to close Accounting Behind the Screens.

5. Click  to post the Payments window (cash disbursements journal).

6. Click  to return to the Vendors & Purchases Navigation Center.

When you post this payment, the Accounts Payable account is debited for the full invoice amount (\$45), which offsets the credit created when you entered the invoice. The cash account is decreased (credited) by the amount of the check (\$44.10) and the Discounts Taken account is increased (credited) for the purchase discount (\$.90). The purchase discounts account (Account No. 89500 Purchase Disc-Expense Items) was already established for Bellwether Garden Supply.

Acct. #	Account Description	Debit	Credit
20000/ ANDERSON	Accounts Payable/Anderson's Landscaping; Invoice AND107	45.00	
10200	Regular Checking Account		44.10
89500	Purchase Disc-Expense Items		.90

## PRINTING CHECKS

You can print a batch of checks or print one check at a time. Since we have only one check to print, you are going to print an individual check. PCA also has special check forms to use for printing checks. These may be purchased from Sage Software. Since you do not have check forms, print the check on a blank piece of paper.

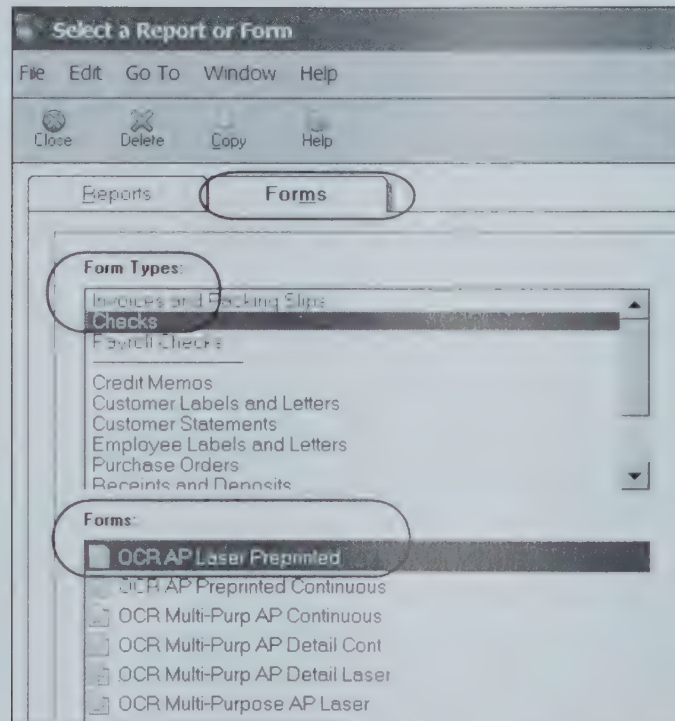
Follow these steps to print a check:


1. From the menu bar, select Reports & Forms; Forms, Checks. The Select a Report or Form window appears.
2. Observe that the Forms tab is selected. If necessary, in the Form Types list, select Checks. In the Forms list, OCR AP Laser Preprinted is automatically selected. (If not, select OCR AP Laser Preprinted.)



**Comment**

Step 2 instructs you to select OCR AP Laser Preprinted as the form to print. If this form does *not* print, select another one. The form you select is tied to the kind of printer you are using. Depending on your printer, you may need to make a different selection.



3. Double-click OCR AP Laser Preprinted.
4. The Preview and Print Checks window appears. In the Include checks through field, type or select March 17, 2011.
5. Type **10215** in the Number the first check field.
6. In the Filter vendors by area, select ANDERSON to ANDERSON in the ID fields.
7. Click  Refresh List.

Print/E-mail    Print Setup    Print/E-mail

Include check through: Mar 17, 2011

Cash Account: 10200

Number the first check: 10215

Use this form: OCRAP Laser Preprinted [Customize this form](#)

Filter vendors by  
ID: ANDERSON to ANDERSON

Vendor ID	Vendor Name	Date	Amount
<input checked="" type="checkbox"/> ANDERSON	Anderson's Lan	03/17/11	

Print/E-mail    Print Preview    Cancel    Help

8. Click Print/E-mail or Print Preview. The check prints or displays. Compare Check No. 10215 to the one shown below. The top half of the check is shown.

AND107	3/15/11	45.00	0.90	44.10
--------	---------	-------	------	-------

3/17/11	10215	Anderson's Landscaping	0.90	\$44.10
---------	-------	------------------------	------	---------

Check Number	10215	Mar 17, 2011
--------------	-------	--------------


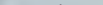
Memo

44.10

Forty-Four and 10/100 Dollars

Anderson's Landscaping


If you print the check, a window displays asking Did the Checks print properly, and is it OK to assign the check numbers to the checks? Make sure the check printed properly and the amount is correct. (See the Payments window on page 80.) The check illustrated above shows the check stub (top portion) and check portion. When you print Check No. 10215, there is also a bottom portion.


9. If needed, click  and make the necessary corrections.  
If the check printed properly, click .
10. Close the Select a Report or Form window.

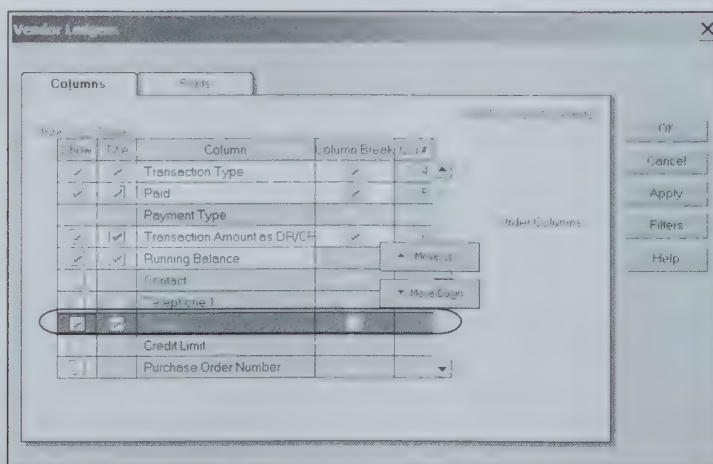
## DISPLAYING THE VENDOR LEDGERS

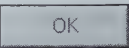
To display the Vendor Ledgers, follow these steps.

1. On the Vendors & Purchases Navigation Center, Recently Used Vendor Reports area, link View All Vendor & Purchases Reports;

select Vendor Ledgers, . (Or, link to View next to Vendor Ledgers.)

2. The Vendor Ledgers displays. To see the terms for the vendor, click . The Vendor Ledgers/Columns window displays. Scroll down the Show list. Select Terms. (Click on the box to place a checkmark.)



2. Click . Observe that a Terms column is added to the Vendor Ledgers report. A partial Vendor Ledgers report is shown below.

Bellwether Garden Supply								
Vendor Ledgers								
For the Period From Mar 1, 2011 to Mar 31, 2011								
Terms includes: Report order is by ID								
Vendor ID	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance	Terms
Anderson's Landscaping	3/1/11	B1000	PJ			75.00	75.00	2% 10, Net 30
	3/9/11	B1015	PJ	*		195.65	270.65	
	3/12/11	VCM30001	PJ	*	195.65		75.00	
	3/15/11		CDJ		50.00	50.00	75.00	
Anderson's Landscaping	3/1/11	Balance Fw					9,398.75	2% 10 Net 30
	3/7/11	VCM30002	PJ	*	27.20		9,371.55	
	3/8/11	4	PJ			5,179.20	14,550.75	
	3/13/11		CDJ		1,000.00		14,550.75	
	3/14/11	B1016	PJ	*		27.20	14,577.95	
Anderson's Landscaping	3/15/11	AND107	PJ	*		45.00	45.00	2% 10, Net 30
	3/17/11	10215	CDJ		0.90	0.90	45.00	
	3/17/11	10215	CDJ		45.00		0.00	

The Vendor Ledger is the Accounts Payable subsidiary ledger. When you entered and posted the vendor invoice (pages 76-78) in the Purchases/Receive Inventory window, the Accounts Payable subsidiary ledger for Anderson's Landscaping was credited for \$45. Once the invoice was entered, there was a balance of \$45. When you posted the payment (page 78), PCA debited the vendor for the same amount. The balance after posting the payment is zero (\$0.00).

## VENDOR CREDIT MEMOS

**Vendor credit memos** are returns to vendors. You can apply vendor credit memos to any existing vendor invoice that has *not* been paid. All entries made on the Vendor Credit Memos window are posted to the general ledger, vendor records, and when applicable, inventory and job records.

You are going to use Peachtree's **drill down** feature to go to the original entry from the vendor ledger. Using the vendor ledger as an example, use drill down to follow the path of an entry to its origin. In certain Peachtree reports, you can click transactions to drill down to the window that includes the original transaction information.



1. The vendor ledger should be displayed. Using the vendor, Abney and Son Contractors, put your cursor over the 3/9/11 vendor ledger entry. Your cursor changes to a magnifying-glass with a Z (for zoom) in it.

ABNEY	3/1/11	B1000	PJ	75.00	75.00	2% 10 Net 30
Abney and Son Contractors	3/9/11	B1015	PJ	195.65	270.65	
	3/12/11	VCM30001	PJ	75.00	75.00	
	3/15/11		CDJ	75.00	75.00	

2. To drill down to the 3/9/11 transaction, double-click on it with your left mouse button. The Purchases/Receive Inventory window appears showing the original purchase of inventory items.

**Purchases/Receive Inventory**

File Edit Go To Window Help

Vendor ID:

Remit to: Abney and Son Contractors  
3286 Park Lane  
Suite 2  
Smyrna, GA 30080 USA

Ship to: Bellwether Garden Supply  
1505 Pavilion Place  
Address Line 2  
Norcross GA 30093-3203  
USA

Date: 3/9/11  
Invoice No.:

☐ Drop ship  
☐ Return to office  
[View related transactions](#)

**PAID IN FULL**

Customer SO No.  Customer invoice No.  Terms  Ship via  A/P account

Apply to Purchase Order: 0.00 Apply to Purchases: 195.65


Quantity	Item	Description	GL Account	Unit Price	Amount	Job
2.00	AVRY-10130	Catalog #B11230: Bird Feeder-Plastic Hanging	12000	7.95	15.90	
1.00	EQFF-13120	Catalog # F00600: Hand Sprayer-Mister	12000	3.95	3.95	
3.00	EQLW-14170	Catalog # BG446680: Seed Spreader - Drop	12000	11.85	35.55	
1.00	EQLW-14180	Catalog # LM400706: Power Tiller - Rotary Cultivator	12000	139.95	139.95	

Other payments and credits: 195.65 195.65 Invoice total  
Amount paid at purchase:  0.00 Net due

Vendor balance on Mar 9, 2011  270.65

- **Troubleshooting Tip:** On my Purchases/Receive Inventory window, the Quantity, Item, Description, GL Account, Unit Price, and Amount table does *not* show multiple lines. If that is the case, you can use the arrows next to the Job field to scroll through the multiple lines. Try enlarging your screen with the cursor. If that doesn't work, read the next paragraph about screen resolution.


The number of lines on the Quantity, Item, Description, GL Account, Unit Price, and Amount table is determined by your screen resolution. On page iv, the minimum system requirements suggest 1024X768 resolution with small fonts.

3. Click . You are returned to the Vendor Ledgers. Drill down on the 3/12/11 vendor credit memo (VCM30001). The Vendor Credit Memos window appears. Observe that the Apply to Invoice No. tab shows B1015. This is the same merchandise that was purchased on 3/9/11. (See the Purchases/ Receive inventory window shown on the previous page.) The returned field shows the items returned.


**Vendor Credit Memo**

File Edit Go To Window Help

Close New List Save Delete Return Note Journal Reports Help

Vendor ID: **ABNEY** 

Remit to: Abney and Son Contractors  
3280 Park Lane  
Suite 2  
Smyrna, GA 30080 USA

Date: Mar 12, 2011 

Credit No.: VCM30001

**APPLIED**


Terms Return authorization A/P account

Apply to Invoice No.: **B1015** Apply to Purchases: 0.00

Item	Quantity	Returned	Description	GL Account	Unit Price	Amount	Job
AVRY-10130	2.00	2.00	Catalog #B11230: Bird Feeder-Plastic Har	12000	7.95	15.90	
EQFF-13120	1.00	1.00	Catalog # F00600: Hand Sprayer/Mister	12000	3.95	3.95	
EQLW-14170	3.00	3.00	Catalog # BG446680: Seed Spreader - Dri	12000	11.95	35.85	
EQLW-14180	1.00	1.00	Catalog # LM400706: Power Tiller - Rotar	12000	139.95	139.95	

Other applied payments 0.00 195.65 Credit total


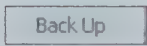
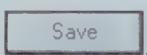

Credit applied to invoice 0.00 0.00 Net credit due

Vendor balance on Mar 12, 2011  75.00

5. Click . You are returned to the Vendor Ledgers. Click  to return to the Vendors & Purchases Navigation Center.

## BACKING UP CHAPTER 2 DATA

Follow these steps to back up Chapter 2 data:

1. From the Navigation Bar, click ; link to Back up.
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 2** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 9.84MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 2. You are returned to the Company Navigation Center.



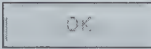
### Read Me: Problem Backing Up to USB Drive

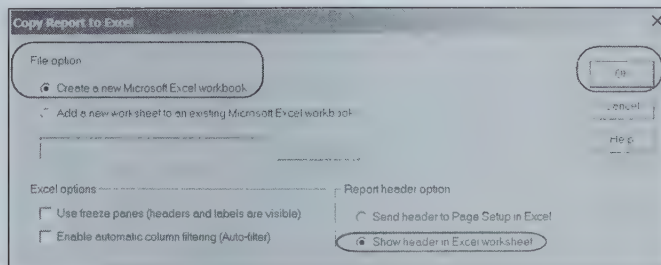
If you encounter difficulties backing up to a USB drive, backup to the desktop first. Then, copy the backup file from your desktop to a USB drive. Refer to Appendix A, Problem Backing Up to USB Drive or Other External Media, pages 771-772 for detailed steps.

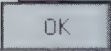
## EXPORT TWO PEACHTREE REPORTS TO EXCEL

The steps that follow demonstrate how to add a new worksheet to an existing Excel file. The steps below and on the next page show how two Peachtree reports, the Vendor List and the Vendor Ledgers, are saved to one Excel file.

1. From the Navigation Bar, click . In the Recently Used Vendor Reports area, link to View All Vendor & Purchases Reports. The Select a Report or Form window appears.

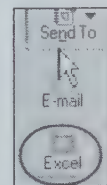
2. Select Vendor List; Send To, Excel. When the Modify Report -- Vendor List window appears, click .
3. The Copy Report to Excel window appears. In the File option area make sure Create a new Microsoft Excel workbook is selected. In the Report header option, Show header in Excel worksheet should also be selected.




4. Click . The report is exported to Microsoft Excel. Bellwether Garden Supply's Vendor List is shown.
5. Save the Vendor List. Use **Chapter 2\_Vendor List and Ledgers.xlsx** as the file name. (Excel 2003 ends in the file extension .xls.)
6. Go to Bellwether. (*Hint: On the Taskbar at the bottom of the screen, click Peachtree, Select a Report or Form.*)
7. From the Select a Report or Form window, double-click Vendor Ledgers. The Vendor Ledgers displays.


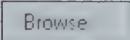
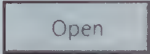
There are two ways to export to Excel:

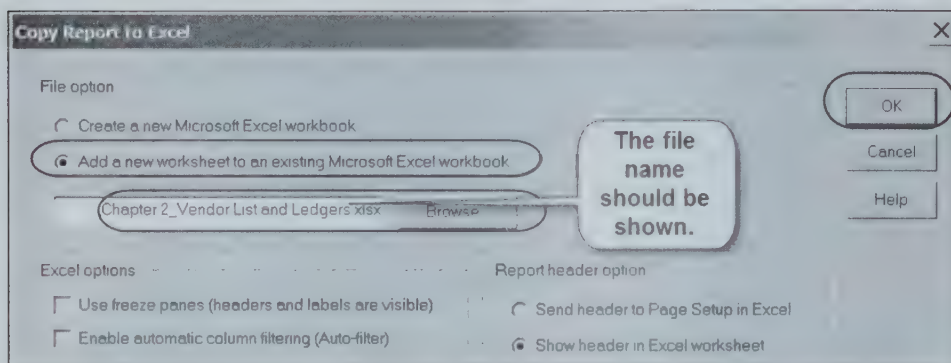
- a. From the Select a Report or Form window, highlight the report and then select Send To Excel.




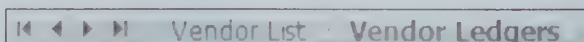
- b. Display the report and select Excel . (This is shown below.)




8. Click . On the Copy Report to Excel window, select Add a new worksheet to an existing Microsoft Excel workbook. Select . Go to the location of the saved file, Chapter 2\_Vendor List and Ledgers.xlsx. Select .



9. Click . Bellwether Garden Supply's Vendor Ledgers appear. Observe that the two sheets are shown: Vendor List and Vendor Ledgers (tabs at the bottom of the window.)



10. Save. The Excel file, Chapter 2\_Vendor List and Ledgers, includes two sheets: the Vendor List and the Vendor Ledgers. Click  on the title bar to exit Excel and return to Peachtree.
11. Close all windows. Exit Peachtree or continue.

**INTERNET ACTIVITY**

1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 2. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 1 Internet Activities for Chapter 1-8. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	Complete the Chapter 2 activity ACCOUNTING STUDENTS – Chapter 2. Complete steps 1-3.
5.	Using a word processing program, write a summary about the site(s) you selected. Remember to include the website address of each link. Your summary should be no more than 75 words or less than 50 words.

**SUMMARY AND REVIEW**

Complete the following end-of-chapter activities:

1. Going to the Net, pages 91.
2. Multiple-choice questions, pages 92-94.
3. Exercises 2-1 and 2-2, pages 94-97.
4. Assessment rubric, pages 97-98.
5. Analysis question, page 98.
6. Chapter 2 Index, page 99.

**GOING TO THE NET**

Access information about domain name statistics at <http://www.zooknic.com/Domains/counts.html>. (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 2.)

1. gTLD is an abbreviation for what word(s)? (*Hint: Click gTLD to answer this question.*)
2. What is the number of domain names worldwide?
3. How many .com names are there?
4. List the extensions that are used with domain names.

**Multiple Choice Questions:** In the space provided write the letter that best answers each question. (The QA Templates include these questions and the Analysis Question at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 2.)

- \_\_\_\_\_ 1. The Company Data Files default location on Windows 7 computers for Bellwether Garden Supply's backups is:
- a. The location specified for external media.
  - b. C:\Sage Software\Peachtree\BCS\Company\[file name].
  - c. C:\Program Files\Company\BCS\[file name]\Exercise 2-2.
  - d. C:\Sage\Peachtree\Company\Sample\PCW\BCS\[file name].
  - e. None of the above.
- \_\_\_\_\_ 2. Cash discounts from vendors in return for early payment of an invoice are called:
- a. Sales discounts.
  - b. Returns and allowances.
  - c. Purchase discounts.
  - d. Markdowns.
  - e. None of the above.
- \_\_\_\_\_ 3. You can enter information within a lookup field by using one or more of the following keys:
- a. Type the <+> symbol.
  - b. Double-click with the mouse.
  - c. a. or b.
  - d. Type the invoice number.
  - e. None of the above.

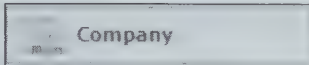
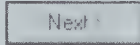
- \_\_\_\_\_4. Why is it important that your coding system for vendors be consistent and logical?
- a. All vendors and customers should be identified by 3 digits.
  - b. So that others working in your company can determine a vendor code from the company name.
  - c. All the vendors and customer numbers are already set up for Bellwether Garden Supply so you don't have to worry about it.
  - d. All customers and vendors should be identified by the first eight letters of a company's name.
  - e. None of the above.
- \_\_\_\_\_5. Why are purchase orders used?
- a. To post accounting information.
  - b. To place an order with a customer.
  - c. To update the accounts payable subsidiary system.
  - d. To request items from a vendor.
  - e. None of the above.
- \_\_\_\_\_6. It is important to use either upper or lowercase letters to identify a vendor because the program:
- a. Is susceptible.
  - b. Doesn't recognize numbers.
  - c. Doesn't recognize symbols.
  - d. Is case sensitive.
  - e. None of the above.
- \_\_\_\_\_7. Which window do you use to add a new vendor?
- a. Maintain Vendors.
  - b. Purchases/Receive Inventory.
  - c. Menu bar.
  - d. Select a Report.
  - e. None of the above.




- \_\_\_\_\_ 8. Going from the general ledger to the original entry window is called:
- a. Drill down.
  - b. Coding.
  - c. Lookup.
  - d. None of the above.
  - e. All of the above.
- \_\_\_\_\_ 9. When you make an entry in the Purchases/Receive Inventory window for Anderson's Landscaping you are debiting and crediting which accounts:
- a. Dr. Accounts Payable/Anderson's Landscaping  
Cr. Cash in Checking  
Cr. Purchase Discounts
  - b. Dr. Cash  
Cr. Accounts Payable
  - c. Dr. Cash  
Cr. Sales
  - d. Dr. Materials Cost  
Cr. Accounts Payable/Anderson's Landscaping
  - e. None of the above.
- \_\_\_\_\_ 10. Which of the following Navigation Bar; Vendor & Purchases selections do you use to issue a return of merchandise to a vendor?
- a. Vendors & Purchases Tasks; Purchases/Receive Inventory.
  - b. Credits & Returns; New Vendor Credit Memo.
  - c. Sales/Invoicing.
  - d. Credit Memos.
  - e. None of the above.

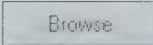
**Exercise 2-1:** Follow the instructions below to complete Exercise 2-1.

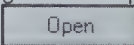
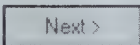
1. Start PCA. Open Bellwether Garden Supply.
2. Follow these steps to restore your data from the end of Chapter 2:


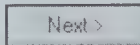

- a. From the Navigation Bar, select ; link to Restore. (The backup was made on page 88.)
- b. The Select Backup File window appears. If the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS\Chapter 2.ptb (or your default location)), click . If necessary, follow the steps in the Read Me box.



**Read Me:**

If your back up file is located on external media, click  then follow these steps.

- The Open Backup File window appears. In the Look in field, select the appropriate location of your backup file.
- Highlight the Chapter 2.ptb file.
- Click , then . Continue with step c below.

- c. From the Select Company window make sure that the radio button next to An Existing Company is selected. The Company name field shows Bellwether Garden Supply; the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS (or your default location). Click .<sup>2</sup>
- d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
- e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored and you are returned to the menu bar.
- f. If necessary, remove the external media.

<sup>2</sup>If Bellwether Garden Supply is *not* shown in the Company Name field, refer to the Read Me box on page 29.

3. Add the following vendor:

Vendor ID: PRINCEOFC  
 Name: Prince Office Supplies  
 Contact: Alice Prince  
 Vendor Type: OFFICE  
 Expense Account: Account No. 71000, Office Expense

4. Enter the following transaction.

Date	Transaction Description
03/15/2011	Invoice No. H788 was received from Prince Office Supplies for the purchase of five boxes of letter-size file folders, \$10.95 each. ( <i>Hint: Account No. 71000, Office Expense, should be debited.</i> )

5. Post this purchase.
6. Continue with Exercise 2-2.

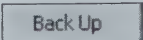
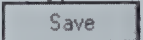
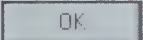
**Exercise 2-2:** Follow the instructions below to complete Exercise 2-2.

1. Enter the following transaction.

Date	Transaction Description
03/18/11	Pay Prince Office Supplies for Invoice H788, \$53.65.

2. Post the Cash Disbursements Journal.
3. Print Check No. 10216. (*Hint: On the **CCR AP Laser Preprinted Filter** window, select the payment date and vendor.*)
4. Print the Vendor Ledgers. Add a Terms column. Adjust the Vendor Ledgers report so that it prints on one page. (*Hint: Place the mouse over the column. The cursor changes to a double-arrow. Adjust the column.*)
5. Follow these steps to back up Exercise 2-2.

- a. Click ; link to Back up.

- b. Click .
- c. Accept the default for backing up to the hard drive; *or*, make the selections to back up to another location; *or* back up to external media. Type **Exercise 2-2** in the File name field.
- d. Click .
- e. When the window prompts that This company backup will require approximately 9.78MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 2. You are returned to the menu bar.
- f. If necessary, remove the external media.

**Read Me: Problem Backing Up to USB Drive**

If you encounter difficulties backing up to a USB drive, backup to your desktop first. Then copy the backup file from your desktop to the USB drive. Refer to Appendix A, Problem Backing Up to USB Drive or Other External Media, pages 771-772 for detailed steps.

6. Save two Peachtree reports, the Vendor List and the Vendors Ledgers, to one Excel file. (*Hint:* Refer to pages 88-90, Export Two Peachtree Reports to One Excel File.) Use **Exercise 2-2\_Vendor List and Ledgers.xlsx** as the file name. (*Hint:* Add the Terms column to the Vendor Ledgers.)

**Check your figures:** Vendor Ledgers balance: \$80,826.01.

7. Exit Peachtree.

**ASSESSMENT RUBRIC**

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 2, Assessment Rubric link. To review Peachtree's journals, navigation centers, modules, and task windows, complete the blank fields online.



---

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
3/15	Invoice No. H788 was received from Prince Office Supplies for the purchase of five boxes of letter-size file folders, \$10.95 each.			
3/18	Pay Prince Office Supplies for Invoice H788, \$53.85			

**ANALYSIS QUESTION:**

With the Vendors & Payables Navigation Center serving as the starting point to perform tasks related to Accounts Payable, list four features of the Vendors & Purchases Navigation Center.

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## LEARNING OBJECTIVES

1. Restore data from Exercise 2-2. (This backup was made on pages 96-97.)
2. Go to the Customers & Sales Navigation Center to enter quotes and sales orders.
3. Enter a sales order.
4. Ship items from a sales order.
5. Enter customer terms.
6. Record a sales invoice on the Sales/Invoicing window.
7. Print a sales invoice.
8. Analyze receipts and customer credit memos.
9. Post a receipt for previously invoiced amounts.
10. Add a Customer Terms column to the Customer Ledgers report.
11. Complete the Internet Activity online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
12. Export Customer Ledgers to Excel.
13. Make two backups and save one Excel file.<sup>1</sup>

Chapter 3 introduces the basics of how PCA works with customer transactions. First you learn about quotes and **sales orders**. A sales order is a document containing a list of items or services that a customer wants to buy. When a sales order is posted, no accounting information is updated. Once you complete sales orders, you learn how the information entered in customer maintenance is used when posting entries. For example, in the Maintain Customers/Prospects window, you set a range of days within which a customer can receive a discount and set the discount percentage. This information will print on the sales invoices you record. The discount is automatically applied when you enter a receipt within the allotted time. The Collection Manager, included on the Analysis Menu, shows an overview of all outstanding invoices.

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<sup>1</sup>Refer to the chart on page 2 for the size of backup files.



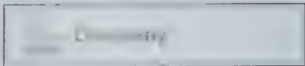
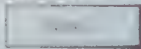
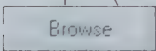
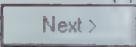
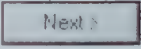
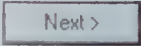
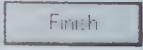
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## GETTING STARTED

Follow the steps below to start PCA:

1. Start Peachtree. Open the sample company, Bellwether Garden Supply. (If Bellwether Garden Supply is not shown, restore a New Company. Refer to the Read Me box on page 10-29.)

2. Restore your data from the Exercise 2-2 backup.

- a. From the Navigation Bar, select ; link to Restore. (The Exercise 2-2 backup was made pages 96-97.)
- b. The Select Backup File window appears. If the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS\Exercise 2-2 .ptb (or your default location), click . (Or, click , then select the appropriate location of the Exercise 2-2 backup file; click .)
- c. The Select Company window appears. The radio button next to An Existing Company is selected. The Company name field shows Bellwether Garden Supply. The Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS (or the appropriate location on your computer). Click .
- d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
- e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored and you are returned to the menu bar.
- f. If necessary, remove external media.

 To make sure you are starting in the appropriate place in the data (Exercise 2-2 backup) check that these vendors, Anderson's Landscaping and Prince Office Supplies, are shown in the Vendors area of the Vendors & Purchases Navigation Center. (*Hint:* You may need to click  to update your Vendors list.) The Vendor Ledgers report should show a zero balance for both Anderson's Landscaping and Prince Office Supplies.

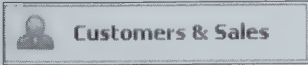
## ACCOUNTS RECEIVABLE SYSTEM

Accounts Receivable represents amounts owed by customers for items or services sold to them when cash is not received at the time of sale. Typically, accounts receivable balances are recorded on sales invoices that include terms of payment. Accounts receivable is used if you are setting up accrued income that customers owe.

The four basic tasks in Accounts Receivable are:

1. Quotes: Allows you to enter a quote for a customer.
2. Sales Orders: Sales orders provide you with a means of tracking backorders for your customers.
3. Sales/Invoicing: When items are ready for shipment, the sales/invoicing window is used.
4. Receipts: Used for recording receipts from customers. (PCA also includes credits and returns.)

Before adding accounts receivable transactions, examine the Customers & Sales Navigation Center. Follow these steps to do that.

1. From the Navigation Bar, select . The Customers & Sales Navigation Center displays information and access points related to the company's customers. In Peachtree, this represents the **accounts receivable module** or **accounts receivable system**.

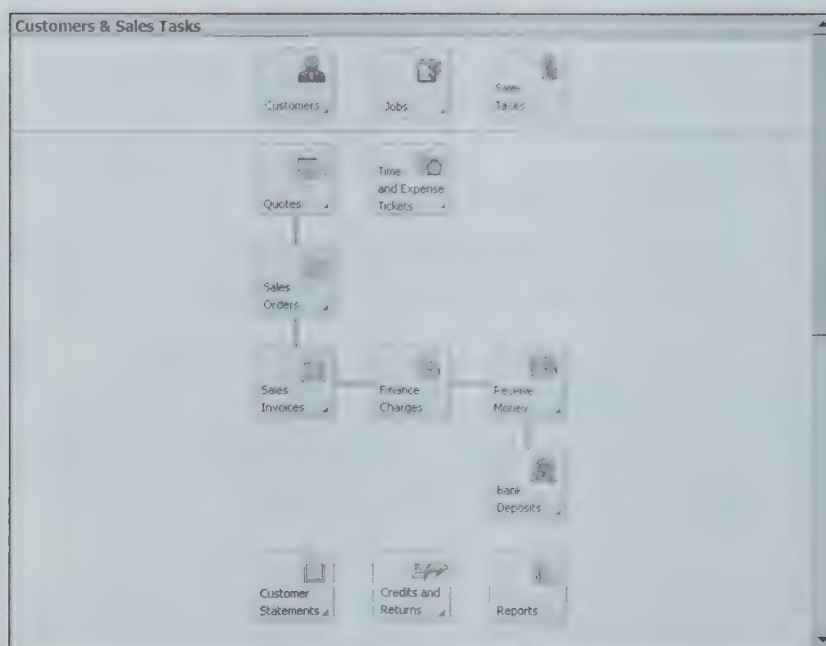
Modules organize Peachtree's transaction windows and reports. When the Navigation Bar's Customers & Sales selection is made,

Peachtree's accounts receivable system is shown. The menu bar selections, Tasks and Reports & Forms, are also organized by module; for example, the Reports & Forms menu includes Accounts Receivable, Accounts Payable, General Ledger, etc.


Peachtree's Customers & Sales Navigation Center has two tabs that display information and access points related to Bellwether's customers.

- The Customers & Sales tab is a summary of customer information, includes access to recently used customer reports and an overview of the company's aged receivables. Scroll down the Customers & Sales window to see the Customers, Recently Used Customer Reports, Aged Receivables, and Peachtree Solutions.
- On the Customer Management tab, you can see lists of information regarding transactions and customer history, including invoices, receipts, and finance charges.

The Customers & Sales Tasks are shown below. Scroll down the window to see the rest of the Customers & Sales Navigation Center.



Link to a couple of areas to explore the Customers & Sales Navigation Center. Close any open windows, then continue with the next section. (*Hint:* If multiple windows are open, from the menu bar select Window, Close All.)

- Click on the  **Customer Management** tab. In the Customer ID field, select ARCHER. Observe that the Sales Invoices area lists this customer's invoices, and the Receipts area shows this customer's payments to Bellwether Garden Supply. Scroll down the screen to see Credit Memos and Totals. A partial Customer Management window is shown below.

**Customers & Sales** **Customer Management**

Customer ID: **ARCHER** Find customer with:  in

**Name:** Archer Scapes and Ponds **Bill to contact:** Nancy Archer **Type:** LAND **Phone:** 770-555-4660 **Balance:** \$7,494.67

---

**Sales Invoices**

Date Range:  01/01/2011 to 03/31/2011

Invoice No.	Period	Date	Status	Net Due	Invoice Total
10100	1	1/29/2011	Paid in full	\$0.00	\$4,100.00
10100	1	1/01/2011	Paid in full	\$0.00	\$14,100.00
10104	2	2/02/2011	Unpaid	\$1,100.00	\$7,700.00
10105	3	2/4/2011	Unpaid	\$50.00	\$50.00
10107	3	2/15/2011	Unpaid	\$0.00	\$0.00

---

**Receipts**

Date Range:  01/01/2011 to 03/31/2011

Receipt No.	Period	Date	Reference No.	Receipt Amount	Deposit Ticket ID
1008	3	3/15/2011	10125	\$23,359.35	0315071

## Entering a Quote

When you enter a quote for a customer, you are *not* updating any accounting information or inventory amounts. PCA calculates what the total cost of the sale will be for a customer, including sales tax and freight. You can then print the quote for the customer. Follow these steps to enter a sales quote.





**Comment**

If the GL Account field is not displayed on the Quotes window, you need to check your global settings. Refer to step 1c on page 16 (Chapter 1) to make sure that the boxes in the Hide General Ledger Accounts section are unchecked (see Options/Global).

- Click on the Quantity field. Type **4** then select EQWT-15120 Garden Hose - 75 ft. for the item. Compare your Quotes window to the one shown below.

Quotes

File Edit Go To Window Help

Customer ID: DASH

Bill to: Dash Business Systems  
1448 Steve Reynolds Blvd.  
Norcross, GA 30093

Ship to: McKenzie Dash  
Dash Business Systems  
1448 Steve Reynolds Blvd.  
Norcross, GA 30093

Date: Mar 15, 2011  
Good thru: Apr 14, 2011  
Quote No.:  
☐ Drop ship


Customer PO: None Ship via: 2% 10, Net 30 Days Terms: CSWINTON Sales rep: 11000 A/R account:


Quantity	Item	Description	GL Account	Unit Price	Tax	Amount	Job
1.00	EQFF-13110	Bell-Gro Fertilizer Compression Pump Hand	40000-EQ	39.99	1	39.99	
4.00	EQWT-15120	Bell-Gro Heavy Duty Garden Hose 75 ft.	40000-EQ	39.99	1	159.96	



Customer Account as of Mar 15, 2011  
Balance: 399.90  
Credit limit: 50,000.00  
Credit status: Noify Over Limit

Sales tax: 12.00 GAGWINN  
Freight: 0.00  
Quote total: 211.95

When you selected Dash Business Systems, the Customer Account balance as of March 15, 2011 also appears on the lower left side of the Quotes window, along with the Credit Limit and Credit Status. You can drill down to Dash Business Systems' customer ledger by clicking on the right arrow (→) in the Customer Account area.

7. To see the journal entry, click . The Quotes Journal lists the sales taxes that are paid for the transaction, the price for each item, and the amount that Bellwether will receive from the customer on this quote. Close the Accounting Behind the Screens window by

clicking .


8. Click  to post this sales quote, then click  to return to the Customers & Sales Navigation Center.

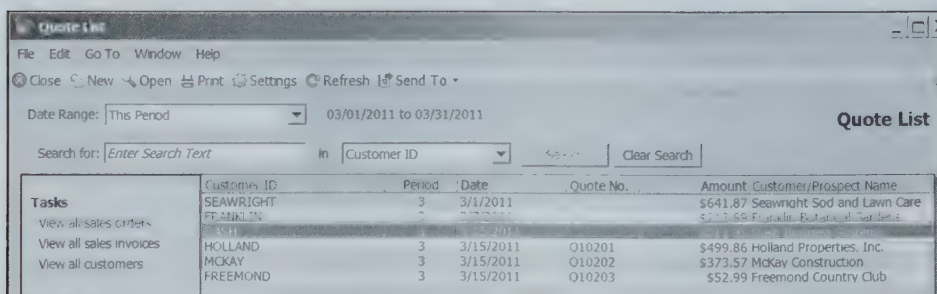
#### Comment

When a sales quote is saved, you are *not* updating any general ledger accounts. That is handled through the Sales/Invoicing window, which you work with after you convert the quote and print the sales order.

## Converting a Quote to a Sales Order

Let's assume that Dash Business Systems accepts this sales quote. Let's convert the quote to a sales order.


1. Click ; View and Edit Quotes. The Quote List window appears.

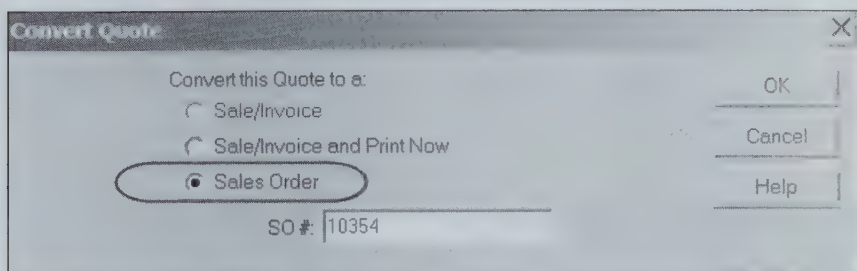




The screenshot shows the 'Quote List' window with a menu bar (File, Edit, Go To, Window, Help) and a toolbar (Close, New, Open, Print, Settings, Refresh, Send To). The 'Date Range' is set to 'This Period' (03/01/2011 to 03/31/2011). The 'Search for' field contains 'Enter Search Text' and the 'In' dropdown is set to 'Customer ID'. The table below lists the quotes.

Tasks	Customer ID	Period	Date	Quote No.	Amount	Customer/Prospect Name
View all sales orders	SEAWRIGHT	3	3/1/2011		\$641.87	Seawright Sod and Lawn Care
View all sales invoices	FRANKLIN	3	3/1/2011		\$213.59	Franklin Properties and Landscaping
View all customers	HOLLAND	3	3/15/2011	Q10201	\$499.86	Holland Properties, Inc.
	MCKAY	3	3/15/2011	Q10202	\$373.57	McKay Construction
	FREEMOND	3	3/15/2011	Q10203	\$52.99	Freemond Country Club

2. Double-click DASH. The Quotes window appears showing the March 15, 2011 quote. Compare this to the Quotes window shown on page 107.

3. Click . There are three options: Sales/Invoice; Sales/Invoice and Print Now; Sales Order. Click on the radio button next to Sales Order. The SO # field is completed automatically.

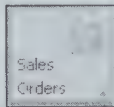



4. Click . A blank Quotes window appears. Click . You just converted the sales quote to a sales order. Now you can invoice the customer for shipment.

5. Close all windows. (*Hint: Select Window; Close All.*)


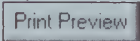
## Printing (or Displaying) a Sales Order

Printing a sales order gives you the ability to confirm customer orders and fill these orders more efficiently. Follow these steps to print.

1. From the Customers & Sales Navigation Center, select ; View and Edit Sales Orders. On the Sales Order List window, double-click DASH. The Quote converted to Sales Order No. 10354 displays.

2. Click . Or, click on the down arrow next to Print and select Print Preview. The Print or Preview Forms: Sales Orders window appears. Observe that the Sales Order number is 10354. This agrees with the quote that was converted to a sales order on pages 108-109. Remember, Peachtree automatically assigned the sales order number. (*Hint: If necessary, click anywhere on the Sales Orders window to activate the Print icon.*)



3. Accept the Last used form – Sales Order w/Totals. Click  (or ). The sales order starts to print or displays.

<b>Bellwether Garden Supply</b> 1505 Pavilion Place Norcross, GA 30093-3203 USA  Voice 770-724-4000 Fax 770-555-1234		<b>SALES ORDER</b> Sales Order Number: 10354 Sales Order Date: Mar 15, 2011 Ship By: Mar 15, 2011 Page: 1		
<b>To:</b> Dash Business Systems 1448 Steve Reynolds Blvd Norcross GA 30093		<b>Ship To:</b> Dash Business Systems 1448 Steve Reynolds Blvd Norcross GA 30093		
<b>Customer ID</b> Dash	<b>PO Number</b>	<b>Sales Rep Name</b> Cynthia A. Swinton		
<b>Customer Contact</b> McKenzie Dash	<b>Shipping Method</b> None	<b>Payment Terms</b> Net 10, Net 30 Days		
Quantity	Item	Description	Unit Price	Amount
1.00	EQFF-13110	Bell-Gro Fertilizer Compression Pump Hand Sprayer - 3 Gallon	49.99	49.99
4.00	EQWT-15120	Bell-Gro Heavy Duty Garden Hose - 75 ft. x 5/8 in hose	49.99	199.96
Subtotal				199.95
Sales Tax				12.00
Freight				0.00
<b>TOTAL ORDER AMOUNT</b>				<b>211.95</b>


4. If you previewed the Sales Order, click . Close all windows. (Hint: From the menu bar, click Window, Close All.)

### Ship Items from a Sales Order

To ship items from a sales order, open the Sales/Invoicing window, select the customer, then choose the open sales order you want to invoice. Once the shipped field is completed, an invoice is created with the appropriate sales tax and the amount of the sale. When the Sales/Invoicing window is saved (posted), accounting information is updated. That includes the accounts receivable controlling account in the general ledger, the customer's subsidiary account in the customer ledger, and inventory amounts.

Follow these steps to ship items from a Sales Order No. 10354.



1. Click , New Sales Invoice. The Sales/Invoicing window appears.
2. In the Customer ID field, select DASH, Dash Business Systems.
3. The Apply to Sales Order No. tab is selected. Click on the down-arrow and select number 10354.
4. Type **1** and **4** in the Shipped fields. Once you complete the Shipped fields, the Invoice totals are computed (sales tax and amount paid at sale.)

Compare your Sales/Invoicing window to the one shown on the next page.

**Sales/Invoicing**

File Edit Go To Window Help

Customer ID: 3444

Bill to: Dash Business Systems  
1448 Steve Reynolds Blvd.  
Norcross, GA 30093

Ship to: McKenzie Dash  
Dash Business Systems  
1448 Steve Reynolds Blvd.  
Norcross GA 30093

Date: Mar 15, 2011

Invoice No.:

☐ Drop ship

Customer PO: Ship via: Ship date: Terms: Sales rep: A/R account:

Apply to Sales Order No.: 10354 Apply to Sales: 0.00

Item	Remaining	Shipped	Description	GL Account	Unit Price	Tax	Amount	Job
EQFF-13110	1.00	1.00	Bell-Gro Fertilizer Compression Pump Hand Sprayer - 3	40000-EQ	39.99	1	39.99	
EQW7 1x150	4.00	1.00	Bell-Gro Heavy Duty Garden Hose - 75' x 5/8 in. hose	40000-EQ			39.99	

**Shipped items**

Apply tickets/expenses

Customer Account as of Mar 15, 2011

Balance: 399.90

Credit limit: 50,000.00

Credit status: Notify Over Limit

Sales tag: 0.00

Freight: 0.00

Other applied credits: 0.00

Amount paid at sale: 0.00

211.95 Invoice total

211.95 Net due

5. To see how this transaction is journalized in the Sales Journal, click



Journal. After the entry is saved (posted), Cost of Sales is computed. Close the Sales Journal window.



6. Click Save to post. Close the Sales/Invoicing window.

## THE MAINTAIN CUSTOMERS/PROSPECTS WINDOW

The first step is to select the customer you are going to invoice and to change one item of information: the discount percentage offered for timely payment.



1. From the Customers & Sales Navigation Center, click

New Customer. The Maintain Customers/Prospects window displays. The cursor is in the Customer ID field. Notice the down-arrow in this field.

- Click on the down-arrow in the Customer ID field to open the customers/prospects list.<sup>2</sup>

*Customer ID:				Prospect
Name:	ALDRED	Aldred Builders, Inc.	770-555-0954	
	ARCHER	Archer Scapes and Ponds	770-555-4660	
General   Contacts	ARMSTRONG	Armstrong Landscaping	770-555-8824	
	CANNON	Cannon Healthcare Center	770-555-4128	
Bill-to contact:	CHAPPLE	Chapple Law Offices	770-555-8858	
	CUMMINGS	Cummings Construction	770-555-1147	
Account number:	DASH	Dash Business Systems	770-555-9988	
	EVERLY	Everly Property Management	770-555-6660	
Billing address:	FRANKLIN	Franklin Botanical Gardens	770-555-9598	
	FREEMOND	Freemond Country Club	770-555-8967	
City, ST, Zip:	FROST	Frost Technology Park	770-555-4153	
	GOLDEN	Golden Gardens	404-555-7763	
Country:	<input type="button" value="OK"/> <input type="button" value="Cancel"/> <input type="button" value="Find"/> <input type="button" value="Next"/> <input type="button" value="Sort"/> <input type="button" value="Help"/>			

- The customer file you are going to use is Teesdale Real Estate. Scroll down the customer list, then click **TEESDALE** for **Teesdale Real Estate** to select it from the list. The Maintain Customers/Prospects window shows a completed record for Teesdale Real Estate.

Compare your Maintain Customers/Prospects window to the one shown on the next page.

<sup>2</sup>There are three ways to open the list in a lookup field. First, make sure that your cursor is in the Customer ID field: 1) Press the right mouse button; 2) type a question mark <?>; 3) left-click the down-arrow.



### Entering a Discount for a Customer

Because Teesdale Real Estate is such a good customer, Bellwether Garden Supply is going to increase their discount from 2% to 5%. In accounting, this is called a **sales discount**. The standard sales discount for Bellwether is 2% if paid within 10 days. Teesdale's new sales discount is 5% if paid within 15 days. Sales discounts are applied when payment is received from the customer. In Peachtree, sales discounts are applied when payment is received from the customer.

Follow these steps to enter a discount for a customer:

1. The Maintain Customers/Prospects window should be displayed. Click on the Payment & Credit tab.
2. In the Terms and Credit Area (right side of window), click on the down-arrow. Select Customize terms for this customer.
3. If necessary, click on the radio button next to Due in number of days to select it.
4. Click on the Discount in field. Type **15** and press **<Enter>**. The cursor moves to the Discount percent field.

5. Type **5** and press **<Enter>**.<sup>3</sup>

6. Click .

7. Close the Maintain Customers/Prospects window to return to the Customers & Sales Navigation Center.

## Entering a Sale to a Customer

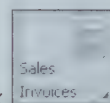
Let's learn how to invoice Teesdale Real Estate. To print or record an invoice in PCA, enter a sales invoice for a customer on the Sales/Invoicing window. Like a Sales Journal, the Sales/Invoicing window is reserved for sales from credit customers. The transaction you are going to enter is shown on the next page.


<sup>3</sup>You should have set two decimal places in Chapter 1 (see page 16).

---

<i>Date</i>	<i>Transaction Description</i>
03/01/11	Bellwether Garden Supply sold 5 hose-end sprayers, \$49.95, to Teesdale Real Estate, Customer ID, TEESDALE, and cleaned the parking lot, \$100, for a total of \$149.95 plus \$9.00 sales tax; \$158.95.


Follow these steps to learn how to use the Sales/Invoicing window:



1. From the Customers & Sales Navigation Center, click ; New Sales Invoice. The Sales/Invoicing window appears.

Use the Sales/Invoicing window for credit sales from customers. If you want to enter a cash sale, use the Receipts window, not the Sales/Invoicing window. The Sales/Invoicing window is for credit customers only. Here's a way to remember the difference between Receipts and Sales/Invoicing: if the transaction involves real money (cash or check), enter it in the Receipts window; if the transaction involves a credit sale, enter it in the Sales/Invoicing window. The Sales/Invoicing window posts to the Sales Journal. The Receipts window posts to the Cash Receipts Journal.

The Sales/Invoicing window should be displayed. The cursor is in the Customer ID field. Don't worry if you have forgotten Teesdale's customer ID number because PCA knows it. The Customer ID field has a lookup field.

2. With the cursor in the Customer ID field, click the right mouse button (or type a question mark, <?>). You may also click .

3. Select Teesdale Real Estate, TEESDALE.



4. Click The Sales/ Invoicing

window is automatically completed.

Observe that the Bill to and Ship to fields are completed automatically. PCA provides an invoice number when the sales invoice is printed so there is no need to enter an invoice number now.

Customer ID	Customer Name	Phone Number
ROBERTS	Roberts Learning Centers	770-555-6118
ROSE	Rose University	404-555-7262
SAIA	Saia's Neighborhood Nursery	770-555-1282
SEAWRIGHT	Seawright Sod and Lawn Care	404-555-1246
SMITH	Smith Family Garden Center	404-555-0991
SNOWDEN	Snowden Interior Design	770-555-1005
SNYDER	Snyder Securities	770-555-1244
STEVENSON	Stevenson Leasing, Inc.	770-555-5543
TACOMA	Tacoma Park Golf Course	770-555-7388
THURMAN	Thurman Golf Course Design	770-555-4029
TRENT	Trent Bank and Trust	770-555-1994

5. Click on the Date field which defaults to 3/15/11.

PCA offers flexibility when entering dates. For example, you can enter March 1, 2011 as 030111 and the program will format the date correctly. You can also enter just the day portion of the date and PCA formats the date in the current period. For example, if you're working in March of 2011, you can type 4 in the date field and the program formats the date as March 4, 2011. You can also use the pop-up calendar to click the date.

6. Type **1** (or select 1) for the date and press **<Enter>**. The cursor moves to the Invoice No. field, which you are going to leave blank. Peachtree will assign an invoice number when you print the sales invoice.
7. Click on the Apply to Sales tab.
8. Click on the Quantity field, type **5** and press **<Enter>**. Your cursor goes to the Item lookup field.
9. Click to open the list of inventory items.




<input type="checkbox"/> ADMIN-01000	Bookkeeping/Administrative	<N/A>
<input type="checkbox"/> AVRY-10050	Prefabricated Birdhouse	
<input type="checkbox"/> AVRY-10100	Bird House Kit	5.00000
<input type="checkbox"/> AVRY-10110	Bird House-Pole 14 Ft.	15.00000
<input type="checkbox"/> AVRY-10120	Bird House-Red 12-Room Unit	4.00000
<input type="checkbox"/> AVRY-10130	Bird Feeder-Plastic Hanging	12.00000
<input type="checkbox"/> AVRY-10140	Thistle Bird Seed Mix-6 lb.	29.00000
<input type="checkbox"/> AVRY-10150	Bird Bath - Stone Gothic 2pc.	2.00000
<input type="checkbox"/> AVRY-10200	Birdbath-Plastic	

OK Cancel Find New Sort Help

There are two ways to enter transaction lines for an invoice:

- By Inventory Item: Because the price of each inventory item is stored in the Maintain Inventory Items file, you only have to enter the quantity supplied. The program will compute the credit amount.
- By Account Number: If there is no line item set up for a particular commodity you sell, or if you don't use the Inventory module, you can distribute directly against the proper General Ledger account.

10. The Inventory Item list should be open. Let's see what happens if the

Sort icon is selected. Click  which is located at the bottom of the lookup list on the right side.

What you have done by selecting Sort is to change the order of the list. The list was sorted by ID number; now the list is sorted alphabetically by name. This feature is available in all lookup lists.

11. Select Hand Sprayer/Mister as the item for this sale. EQFF-13120 displays in the Item field. (*Hint:* You can also type the item ID.)
12. Your cursor should be in the Description field with the following description highlighted: Bell-Gro Plant All-Purpose Plastic Sprayer/Mister. Since we're not going to add a comment or explanation about this inventory item, press **<Enter>** to move to the GL Account field.

The default account is Account No. 40000-EQ, Sales – Equipment. The account name, Sales – Equipment, is shown below the transaction line. This account will be credited unless you change the account number in this GL Account field. The debit is automatically made to Accounts Receivable–Teesdale Real Estate.

13. Press **<Enter>** to accept Account No. 40000-EQ. The cursor moves to the Unit Price field and 9.99 is automatically completed. Since the price has been set up in the Maintain Inventory Items file, the unit price is automatically completed for you.
  14. Press **<Enter>** to go to the tax field. Type a **<?>** to display the lookup list. Inventory Item tax types are set up in the Maintain Inventory Item file. This lookup list lets you specify certain items as exempt or having special tax situations. There is no need to specify any special tax situation.
  15. Press **<Enter>** to go to the Amount field. PCA calculates the total, \$49.95, and enters it in the field.
  16. Press **<Enter>** to go to the Job field. The job field also has a lookup list. You'll learn about Jobs in more detail in Chapter 6.
  17. Press **<Enter>** to go to a new transaction line.
- **Troubleshooting Tip:** Observe that the Invoice No. field is blank. The invoice number, similar to the check number, is assigned when you print. Enter an invoice number if you are *not* going to print invoices.

That Sales/Invoicing window is shown on the next page.

**Sales/Invoicing**

File Edit Go To Window Help

Customer ID: **TEESDALE**

Bill to: Teesdale Real Estate  
4555 Indian Lake Lane  
Marietta, GA 30069

Ship to: Wade Teesdale  
Clear ≥  
Teesdale Real Estate  
4555 Indian Lake Lane  
Marietta GA 30069  
Country

Date: **Mar 1, 2011**

Invoice No:

☐ Drop ship

Customer PO: Ship via: Ship date: Terms: Sales rep: A/R account:

Apply to Sales Order: 0.00 Apply to Sales: **49.95**

Quantity	Item	Description	GL Account	Unit Price	Tax	Amount	Job
5.00	EQFF-13120	Bell-Gro Plant All-Purpose Plastic Sprayer/Mister	40000-EQ	9.99	1	49.95	

Apply tickets/expenses

Customer Account as of Mar 1, 2011  
Balance: 7,578.42  
Credit limit: 50,000.00  
Credit status: Notify Over Limit

Sales tag: 3.00 GAC088  
Freight: 0.00  
Other applied credits: 0.00  
Amount paid at sale: 0.00

52.95 Invoice total  
52.95 Net due

Notice that the Invoice Total and Net Due in the lower right of the window shows \$52.95. The Invoice Total displays a running total of the amount that the customer's account in the Accounts Receivable subsidiary ledger is increased (debited). When you add the next transaction line, this figure will increase. In accounting you learn that two things happen when the Accounts Receivable subsidiary ledger is used:

- The Accounts Receivable controlling account in the General Ledger is increased by the amount of the credit sale.
- The credit to the applicable revenue account is offset by a debit to the Customer's account in the Accounts Receivable ledger.

### Distributing Against a Specific Account

In this part of the transaction, Bellwether Garden Supply contracted with Teesdale Real Estate to clean up their back lot for \$100. Because no Inventory Item is stored in the maintenance records, this transaction is

different than the one you just completed (entering a sale to a customer for an inventory item). In this part of the transaction, you need to distribute the amount (\$100.00) directly against the Other Income account.

1. Your cursor is in the Quantity field. Since you don't have a quantity number to enter with this transaction, press **<Enter>**. Your cursor should be in the Item field.
2. Press **<Enter>** to leave the Item field blank. Your cursor moves to the Description field.
3. Type **Cleaned parking lot** in the Description field and press **<Enter>**. Your cursor moves to the GL Account field. The default account displays, but it needs to be changed.
4. Type **41000** (for Other Income) and press **<Enter>**. Now the account description below the current transaction line reads Other Income and your cursor moves to the Unit Price field.

The account number that automatically displayed, 40000, Sales, was the default account. Since we want to distribute this revenue to a specific account, 41000, Other Income, you must type this account number (41000); otherwise, the program will accept the default account number.

5. Press **<Enter>** to skip the Unit Price field because we don't need a unit price. Your cursor moves to the Tax field.
6. Press **<Enter>** to accept the default tax code. Your cursor moves to the Amount field.
7. Type **100** and press **<Enter>** two times. Notice the Sales/Invoicing window on the next page shows the two amounts entered for this invoice. The Invoice Total, including sales tax, is \$158.95.



**Sales/Invoicing**

File Edit Go To Window Help

Customer ID: **TEESDALE**

Bill to: Teesdale Real Estate  
4555 Indian Lake Lane  
Marietta, GA 30069

Ship to: Teesdale Real Estate  
4555 Indian Lake Lane  
Marietta, GA 30069

Invoice No.:   
☐ Drop ship

Customer PO:   
Ship via:   
Ship date:   
Terms:   
Sales rep:   
A/R account:

Apply to Sales Order: 0.00 **Apply to Sales: 149.95**

Quantity	Item	Description	GL Account	Unit Price	Tax	Amount	Job
5.00	EQFF-13120	Bell-Gro Plant All-Purpose Plastic Sprayer/Mister	40000-EQ			49.95	

Apply tickets/expenses


Customer Account as of Mar 1, 2011  
Balance: 7,578.42  
Credit limit: 50,000.00  
Credit status: Notify Over Limit

Other applied credits 0.00 158.95 Invoice total  
Amount paid at sale 0.00 158.95 Net due

For purposes of this example, the cleaning service is taxed. In some states, services such as cleaning a parking lot would not be subject to sales tax.

### Discount Information

At the beginning of this chapter you changed the sales discount for Teesdale Real Estate. Let's check to make sure that the discount information is current for the invoice you just entered.

1. Click on the arrow  button to the right of **Terms**. This information is below the Ship To address. The Terms Information window appears. Since the Discount Amount was computed automatically on the items sold plus sales tax, the Discount

**Terms Information**

Of Date Due: Mar 31, 2011

Discount Amount: 7.95

Discount Date: Mar 16, 2011

Displayed Terms: 5% 15, Net 30 D

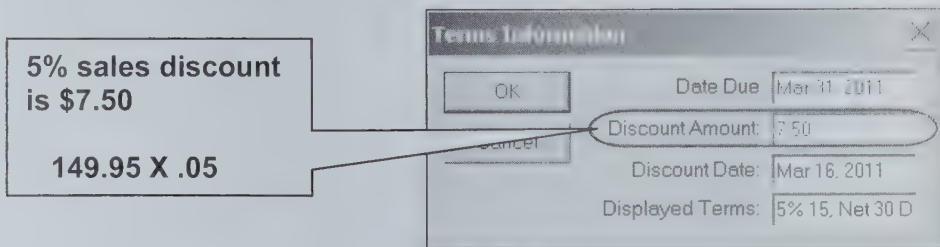
**Change this amount**

Amount of 7.95 needs to be changed. In Peachtree, you can enter a different sales discount amount.


In this example, the sales discount is calculated on the amount of the items sold which is \$149.95. (Refer to the Sales/Invoicing window on page 122.)

Items sold:	\$49.95 + \$100 = \$149.95
Times sales discount	<u>.05</u>
<b>Discount Amount</b>	<b>\$7.50</b>

2. Type **7.50** in the Discount Amount field, then press **<Enter>**.




The Discount Date (March 16, 2011) is the date when the customer must pay to receive the discount. The Displayed Terms are the percentage of discount (5%), the time period in days for receiving the discount (15), and the number of days before the invoice is due (Net 30)—5% 15, Net 30.

3. Click  to close the Terms Information window.

## POSTING THE INVOICE

The sample company, Bellwether Garden Supply, uses **real-time posting**. When real-time posting is used, the transactions that you enter

are posted when you select the  icon.

There is another type of posting included in PCA. It is called **batch posting**. When using batch posting, the transactions you enter are saved to a temporary holding area where you can review them before posting to the general ledger.

Follow these steps to save and post the invoice:

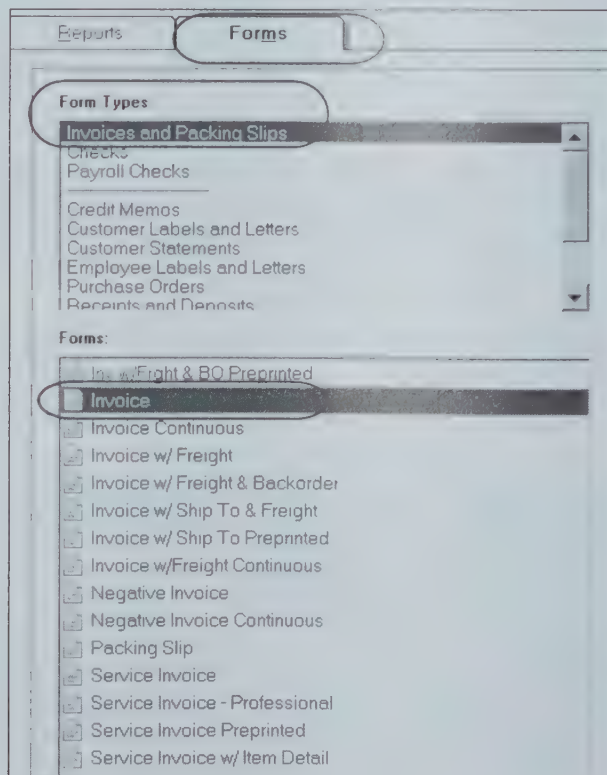



1. Click . The Sales/Invoicing window is ready for another transaction.
2. Close all windows.

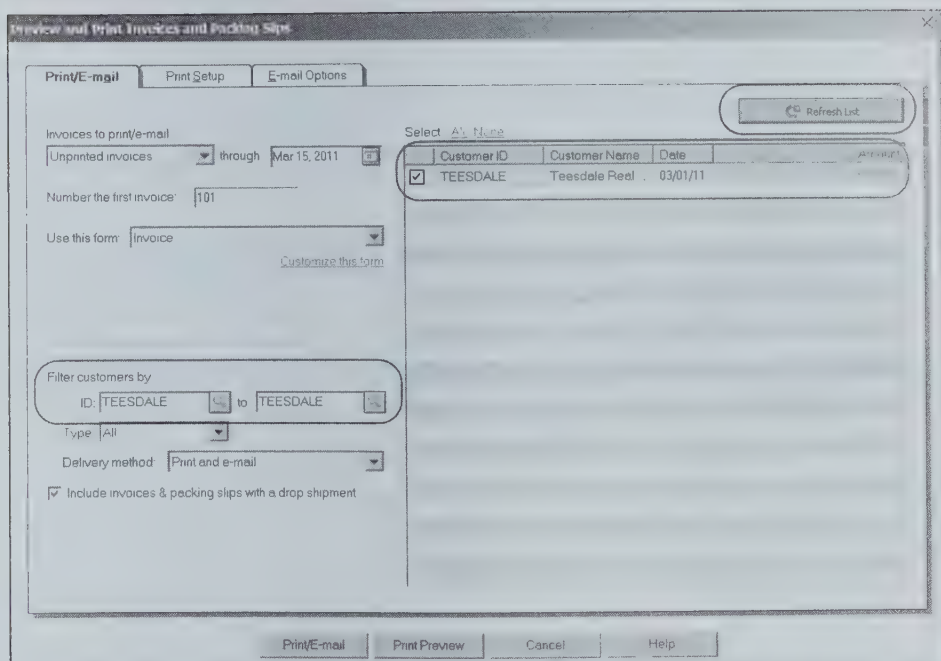
## PRINTING (OR DISPLAYING) INVOICES

Follow these steps to print the invoice for Teesdale Real Estate:

1. From the menu bar, select Reports & Forms, Forms, Invoices and Packing Slips.
2. Observe that the Forms Types field shows Invoices and Packing Slips highlighted. In the Forms list, select Invoice.



3. Double-click Invoice. The Preview and Print Invoices and Packing Slips window appears.
4. In the Filter customers by field select Teesdale in the ID and to fields.
5. Click .



**Preview and Print Invoices and Packing Slips**

Print/E-mail | Print Setup | E-mail Options

Invoices to print/e-mail: Unprinted invoices through Mar 15, 2011

Number the first invoice: 101

Use this form: Invoice

Filter customers by: ID: TEESDALE to TEESDALE

Type: All

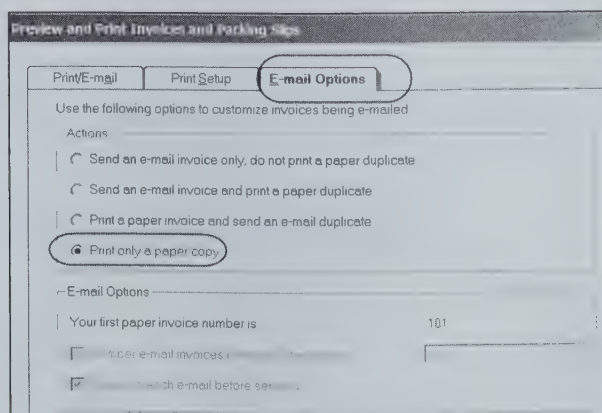
Delivery method: Print and e-mail

☒ Include invoices & packing slips with a drop shipment

Customer ID	Customer Name	Date	Amount
<input checked="" type="checkbox"/> TEESDALE	Teesdale Reel	03/01/11	

Print/E-mail | Print Preview | Cancel | Help

6. Select the E-mail Options tab. Select Print only a paper copy.



**Preview and Print Invoices and Packing Slips**

Print/E-mail | Print Setup | **E-mail Options**

Use the following options to customize invoices being e-mailed

Actions

☐ Send an e-mail invoice only, do not print a paper duplicate

☐ Send an e-mail invoice and print a paper duplicate

☐ Print a paper invoice and send an e-mail duplicate

☒ Print only a paper copy

E-mail Options

Your first paper invoice number is: 101


☒ Send e-mail invoices



7. Click . Compare Invoice 101 to the one shown.

<b>Bellwether Garden Supply</b> 1505 Pavilion Place Norcross, GA 30093-3203 USA  Voice: 770-724-4000 Fax: 770-555-1234		<b>INVOICE</b>  Invoice Number 101 Invoice Date Mar 1, 2011 Page 1		
<b>Bill To:</b> Teesdale Real Estate 4555 Indian Lake Lane Marietta, GA 30069		<b>Ship to:</b> Teesdale Real Estate 4555 Indian Lake Lane Marietta, GA 30069		
Customer ID	Customer PO	Payment Terms		
TEESDALE		5% 15, Net 30 Days		
Sales Rep ID	Shipping Method	Ship Date	Due Date	
CSWINTON	None		3/31/11	
Quantity	Item	Description	Unit Price	Amount
	EQFF-13.120	Bell-Gro Plant All-Purpose Plastic Sprayer/Mister	49.95	49.95
		Cleaned parking lot	100.00	100.00
Subtotal				149.95
Sales Tax				9.00
Total Invoice Amount				158.95
Payment/Credit Applied				
<b>TOTAL</b>				<b>158.95</b>

Check/Credit Memo No:

8. Click .

**Read Me:**

When I try to print Invoice 101, a Peachtree Accounting window appears that says There are no forms to preview. What should I do?

1. Click OK.
2. Close the Select a Report and Forms window.
3. On the Customers & Sales Navigation Center, select Sales Invoices; View and Edit Sales Invoices.
4. Double-click Teesdale, Invoice 101, to go to the Sales/Invoicing window.
5. Make the selections to Print from the Sales/Invoicing window. Compare Invoice 101 to the one shown above.
6. Close all windows.

Notice the Payment Terms are 5% 15, Net 30 Days. This is the information you entered for Customer Terms on pages 114-115.

9. If you print the invoice, a message displays asking if the invoice printed and emailed properly. When you answer Yes, PCA updates invoice numbers and flags the invoice as printed so that it will not print again. Click .

10. Close all windows.

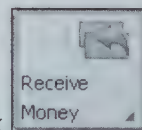
## ENTERING RECEIPTS

Teesdale Real Estate has sent a check in payment of their invoice. Follow these steps to enter the following transaction.

<i>Date</i>	<i>Transaction Description</i>
03/15/11	Received Check No. 8818 from Teesdale Real Estate in payment of Invoice No. 101, \$151.45. ( <i>Hint: The sales discount is applied to the items sold in the amount of \$149.95. Refer to Discount Information, step 2, pages 123.</i> )

The customer payment is calculated like this:

Items sold:	\$149.95
5% sales discount:	(7.50)
Sales tax:	<u>9.00</u>
Customer payment:	\$151.45



1. From the Customers & Sales Navigation Center, click **Receive Money from Customer**. The Receipts window appears.

The Receipts window and Payments window look alike. There is a table in the lower half of the window that lists distribution lines for the current transaction. There is an icon bar at the top of the window. The item descriptions and account descriptions appear beneath each transaction line. The title bar identifies the window being used. In this case, the title bar says, Receipts.

2. Your cursor is in the Deposit ticket ID field. Type **03/15/11** (the receipt date). This Deposit Ticket ID field defaults to the current date (today's date) and is used to combine receipts for the bank reconciliation. Press **<Enter>**.
3. In the Customer ID field, type the Customer ID for Teesdale: **TEESDALE** and press **<Enter>**.

When you enter a Customer ID, the window shows a list of invoices. When the receipt is to pay for invoiced amounts, you can select an invoice from the list. The invoice amounts, including discounts, complete the Apply to Invoices table.

4. Click on the Reference field. Type **8818** for the customer's check number (a Reference number must be entered). Press **<Enter>** key two times and the cursor moves to the Date field.

On your window the Date field displays 3/15/11. This date is important because it is used by PCA to determine if a discount applies. For example, if the transaction date for the invoice was March 1, 2011, and the discount terms were 5% for 10 days, the receipt entered with a date of March 12, 2011 would miss qualifying for a discount. PCA automatically computes and displays the discount amount when one applies.

5. The terms for Teesdale are 5% 15 days, Net 30. Since March 15, 2011 is within the discount period, accept the March 15, 2011 date. Press **<Enter>**. In the Payment method field, select Check. Press **<Enter>**.

6. If the Cash Account field does *not* show Account No. 10200, Regular Checking Account, select it. Press **<Enter>**.
7. If necessary, select the Apply to Invoices tab.
8. Click on the Pay box for Invoice 101.

Receipts

File Edit Go To Window Help

Close New List Save Print E-Mail Delete Row Detail Journal Event Reports Apply Map

Deposit ticket ID: 3/15/11

Customer ID: TEESDALE

Teesdale Real Estate  
4555 Indian Lake Lane  
Marietta, GA 30069

Reference: 8818

Receipt number: 10200

Date: Mar 15, 2011

Receipt amount: 151.45

Payment method: Check

Cash account balance: 23,389.83


Apply to Invoices: 151.45

Apply to Revenues: 0.00

Invoice	Date Due	Amount Due	Description	Discount	Amount Paid
10122	Jan 31, 2011	7,578.42			
101	Mar 31, 2011	158.95		7.50	151.45
10111	Apr 14, 2011	5,238.12		1.47	

Discount account: 49000

Notice that the Discount field displays the amount of the discount, \$7.50. The discount displays because payment was received within the discount period (5%, 15 days). Therefore, the customer gets the 5% discount and the amount is automatically entered in the Discount field. Then, PCA automatically computes the check for the correct amount of the invoice: \$151.45 ( $149.95 - 7.50 + 9.00 = \$151.45$ ). The Receipt Amount in the check portion of the Receipts window shows 151.45, Teesdale's invoice minus the 5% discount, plus sales tax.

9. Click  to see the account distribution in the Cash Receipts Journal.



**Accounting Behind the Screens**


Cancel OK Help

Date: Mar 15, 2011  
Reference #: 8818

**Cash Receipts Journal**

Account No	Description	Debit	Credit
49000	Discounts Taken	2.50	
11000	Invoice 101		158.95
10200	Receipt Amount	161.45	
Totals			

10. Click  to close the Accounting Behind the Screens window.

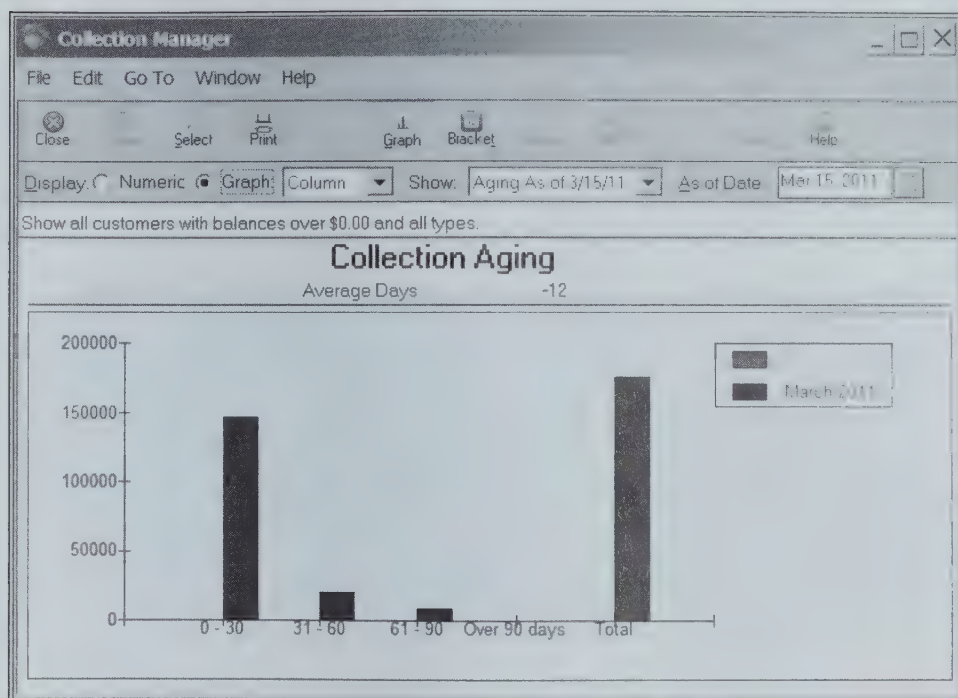
11. Click  and the receipt is posted.

12. Close the Receipts window to return to Customers & Sales Navigation Center.


## ANALYZING CUSTOMER PAYMENTS

How well does Bellwether Garden Supply manage its collections of payments from customers? To look at customers and aging amounts, use the Collection Manager. Follow these steps to learn how to use the Collection Manager:

1. From the menu bar, click Analysis; Collection Manager. The Collection Aging bar graph appears.



There are four aging brackets along the horizontal or X axis: 0 - 30 days, 31 - 60 days, 61 - 90 days, and over 90 days. The vertical or Y axis shows dollar amounts due.

2. Click  . The Total Bracket table is shown on the next page.

**Collection Manager**

File Edit Go To Window Help

Close Event Select Print Graph Bracket Source Letter Help

Days Past: Total As of Date: Mar 15, 2011

Show all customers with balances over \$0.00 and all types

### Total Bracket

Age	Name	Ref	Document Date	Due Date	Total Amount	Letter
-2	Aldred Builders, Inc.	10129	2/15/11	3/17/11	5,426.94	<input type="checkbox"/>
-19	Aldred Builders, Inc.	10332	3/4/11	4/3/11	129.97	<input type="checkbox"/>
-10	Archer Scapes and Ponds	10209	2/23/11	3/25/11	7,374.69	<input type="checkbox"/>
-19	Archer Scapes and Ponds	10329	3/4/11	4/3/11	59.98	<input type="checkbox"/>
-30	Archer Scapes and Ponds	10317	3/15/11	4/14/11	49.99	<input type="checkbox"/>
-30	Archer Scapes and Ponds		3/15/11	4/14/11	-49.99	<input type="checkbox"/>
18	Armstrong Landscaping	10119	1/26/11	2/25/11	9,645.26	<input type="checkbox"/>
-9	Armstrong Landscaping	10120	2/22/11	3/24/11	5,554.08	<input type="checkbox"/>
-14	Armstrong Landscaping	10212	2/27/11	3/29/11	7,374.69	<input type="checkbox"/>
Total					175,722.51	

The Total Bracket window shows the age of the invoice in days, the customer name, the reference (Ref) number, the document date or transaction date, the due date, the total amount due, and whether a letter was sent.


3. Scroll down the window to highlight the invoice for Teesdale Real Estate (Age, -30; Ref, 10311; Amt Due, 5,238.12). Then, click




The Customer Detail window is shown on the next page.

[illegible]

At this level you can see all of Teesdale Real Estate's invoices. If you want to send a collection letter you can do that from this

window. By clicking  on the icon bar you can send a collection letter. (If you print a letter, Peachtree defaults to a letter addressed to Thurman Golf Course Design.)

4. Click  to exit the Collection Manager.

## DISPLAYING THE CUSTOMER LEDGERS

Peachtree's accounts receivable system includes the customer ledgers. **Customer Ledgers** lists customers with detail transaction information including outstanding balances for each customer.


To display the Customer Ledgers, follow the steps on the next page.

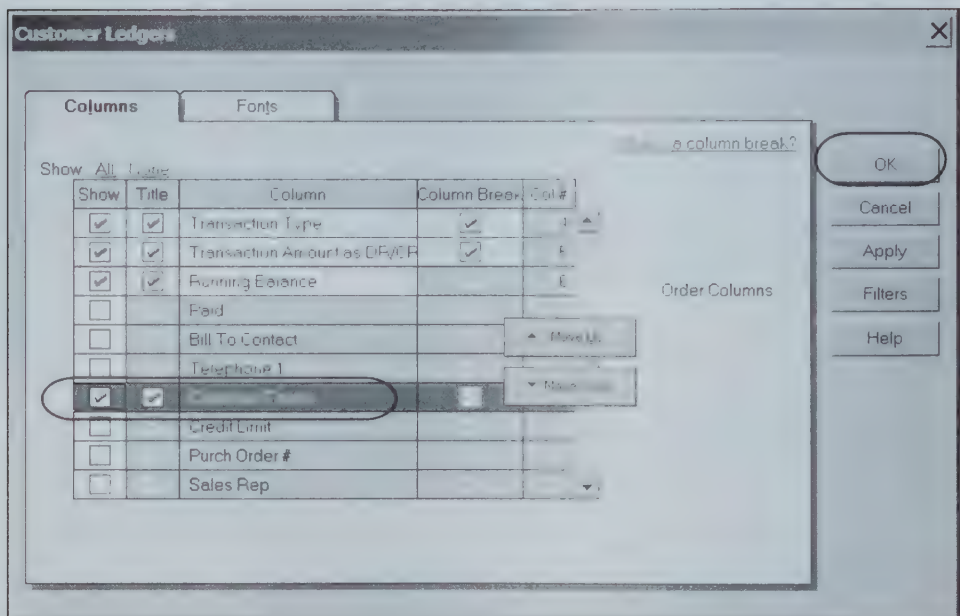
1. From the Customers & Sales Navigation Center, link to View All

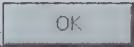


Customer & Sales Reports in the Recently Used Customer Reports area. If necessary, scroll down to the Recently Used Customer Reports area. The Select a Report or Forms window appears.

2. Double-click Customer Ledgers.

3. The Customer Ledgers report appears. Click . The Customer Ledgers/Columns window appears. Select Customer Terms.



4. Click . A Terms column is added to the Customer Ledgers report. Scroll down the report to TEESDALE. Observe the terms are 5% 15, Net 30 Days and the account balance is \$12,816.54. The Collection Manager's Customer Detail window on page 133 shows the same balance.

The Customer Ledgers showing Teesdale Real Estate is shown on the next page.

Bellwether Garden Supply Customer Ledgers For the Period From Mar 1, 2011 to Mar 31, 2011						
Filter Criteria includes. Report order is by Name Report is printed in Detail Format						
Customer ID Customer	Date	Trans No	Type	Debit Amt	Credit Amt	Balance Terms
TACOMA	3/1/11	Balance Fwd				4,675.57 2% 10, Net 30 Days
Tacoma Park Golf Course	3/14/11	10322	SJ	49.99		4,725.56
	3/15/11	10327	SJ	1,049.01		5,774.57
TEESDALE	3/1/11	Balance Fwd				7,578.42 5% 10, Net 30 Days
Teesdale Real Estate	3/1/11	101	SJ	158.95		7,737.37
	3/15/11	10311	SJ	5,238.12		12,975.49
	3/15/11	8818	CRJ	7.50	7.50	12,975.49
	3/15/11	8818	CRJ		158.95	12,816.54
THURMAN	3/1/11	Balance Fwd				3,610.39 2% 10, Net 30 Days
Thurman Golf Course Design	3/15/11	10343	SJ	9,998.00		13,608.39
TRENT		No Activity				0.00 2% 10, Net 30 Days
Trent Bank and Trust						
WILLIAMS	3/3/11	4452	CRJ	220.31	220.31	0.00 2% 10, Net 30 Days
Williams Industries	3/5/11	10312V	SJ		939.72	-939.72
	3/15/11	10312	SJ	939.72		0.00
Report Total				91,724.16	80,942.32	175,722.5

Observe that the Report Total, 175,722.61, agrees with the Total Bracket table's total on page 132.

## CREDIT MEMOS

**Credit Memos** are returns to customers. Use the Credit Memos window to enter credit memos for customer returns and credits. You can apply credit memos to any existing sales invoice. All entries made on this window are posted to the General Ledger, customer records, if appropriate, and to inventory and job records.

The customer ledgers should be displayed on your screen. Scroll up the customer ledger to Armstrong Landscaping. Observe that Armstrong Landscaping has a customer credit memo (CCM4002) on 3/2/11. Follow these steps to see how the credit was applied.

1. The customer ledger should be displayed. Scroll up the Customer Ledgers window to Armstrong.


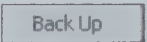
2. Double-click on the 3/2/11 CCM4002 transaction to drill down to Credit memos window.



3. Observe that there is a \$99.97 Credit Total. Close the Credit Memos window. You are returned to the Customer Ledgers. The amount of the credit memo is subtracted from the balance forward amount:  
 $\$36,028.36 - 99.97 = \$35,928.39$ .

4. Close all windows.

## BACKING UP CHAPTER 3 DATA

Follow these steps to back up Chapter 3 data:

1. From the Navigation Bar, click ; link to Back up.
2. Click .

3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 3** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 9.86MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 3. You are returned to the menu bar.
6. Click File, Exit to exit Peachtree, or continue with the next section.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 3. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 1 Internet Activities for Chapter 1-8. Select Open or Save.
4.	Complete the Chapter 3 activity, AMERICAN ACCOUNTING ASSOCIATION – Chapter 3. Complete steps 1-3.
5.	Write a summary about the site(s) you selected. Your summaries should be no more than 75 words or less than 50 words.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, page 138.
2. Short-answer questions, pages 138-140.
3. Exercises 3-1 and 3-2, pages 140-141.
4. Assessment rubric, pages 141-142.
5. Analysis question, page 142.
6. Chapter 3 Index, page 143.



**GOING TO THE NET**

Access the Financial Accounting Standards Board website at [www.fasb.org](http://www.fasb.org). Select the About FASB tab; then Our People, link to [Members of the FASB](#). (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 3.)

1. How many board members serve on the Financial Accounting Standards Board? Do they serve part time or full time?
2. What are the qualifications for the board members?

**Short-Answer Questions:** In the space provided write an answer to the question. (The QA Templates include these questions, the Assessment Rubric, and Analysis Question at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 3.)

1. What icon(s) can be used to display lookup lists?

---

---

2. Describe three ways to open a lookup list.

---

---

3. If you want to look at a customer's account, what window do you open? Describe the selections.

---

---

---

4. What is the customer identification for Teesdale Real Estate?

---

---

5. What is the sales discount for Teesdale Real Estate?

---

---

6. What is the default discount for customers?

---

---

7. Describe what happens when you use the Accounts Receivable subsidiary ledger.

---

---

---

8. When you want to print an invoice in PCA, what are the steps?

---

---

9. How do you post a sales order to the controlling account in the general ledger and the customer subsidiary ledger?

---

---

10. If you receive payment from a customer, what window do you use?

---

---

**Exercise 3-1:** Follow the instructions below to complete Exercise 3-1.

1. Start PCA. Open Bellwether Garden Supply.
2. Restore data from the end of Chapter 3. This backup was made on pages 136-137.
3. Record the following transaction.

<i>Date</i>	<i>Transaction Description</i>
03/03/11	Bellwether Garden Supply sold one Rotary Mower – Riding 4HP to Teesdale Real Estate, Invoice 102, \$299.99; plus \$18 sales tax; total, \$317.99. ( <i>Hint: Do not enter an invoice number. Select the Apply to Sales tab. Type 1 in the Quantity field; select EQLW-14140; Bell-Gro Riding Lawn Mower - 4HP as the Item.</i> )

4. Print or post. (*Hint: If you print from the Sales/Invoicing window, the sales invoice prints and posts.*)
5. Continue with Exercise 3-2.

---

**Exercise 3-2:** Follow the instructions below to complete Exercise 3-2.

1. Record the following transaction:

<i>Date</i>	<i>Transaction Description</i>
03/15/11	Received Check No. 9915 in the amount of \$302.99 from Teesdale Real Estate in payment of Invoice 102. ( <i>Hint: Type 3/15/11 in the Deposit ticket ID field. Remember to use the check number in the Reference field. Calculate the discount on the item sold. On the Receipts window, type the appropriate amount in the Discount field. Do not include sales tax in the sales discount computation.</i> )

2. Post the receipt.
3. Print the Customer Ledgers. Add a Customer Terms column to the Customer Ledgers report. Adjust the columns so that the Terms for each customer prints on the same page.
4. Back up Exercise 3-2. Use **Exercise 3-2** as the file name.
5. Export the Customer Ledgers to Excel. Use **Exercise 3-2\_Customer Ledgers.xlsx** as the file name. (*Hint: Refer to pages 45-47, Exporting Peachtree Reports to Microsoft Excel. A Terms column should be included on the Customer Ledgers.*)

**Check your figures:** Customer Ledgers balance, \$175,722.51.

6. Exit PCA.

## ASSESSMENT RUBRIC

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 3, Assessment Rubric link. To review Peachtree's journals, navigation centers, modules, and task windows, complete the blank fields online.



---

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
3/3	Bellwether Garden Supply sold one Rotary Mower - EQLW-14140 to Teesdale Real Estate, Invoice 102, \$299.99; plus \$18 sales tax.			
3/15	Received Check No. 9915 in the amount of \$302.99 from Teesdale Real Estate.			

**ANALYSIS QUESTION:**

With the Customers & Sales Navigation Center serving as the starting point to perform tasks related to Accounts Receivable, list four features of the Customer & Sales Navigation Center.

---

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Credit memos .....	135
Discount information.....	122
Displaying the customer ledgers .....	133
Distributing against a specific account .....	120
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Entering a quote .....	105
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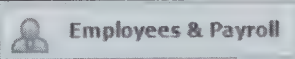


**LEARNING OBJECTIVES**

1. Restore data from Exercise 3-2. (This backup was made on page 141.)
2. Enter and store information using the Maintain Employees/Sales Rep window.
3. Set up default information for payroll.
4. Store constant information about payroll payment methods.
5. Transfer funds from the regular checking account to the payroll checking account.
6. Enter paychecks in the Payroll Entry window.
7. Print employee paychecks.
8. Complete the Internet Activity at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
9. Export the Payroll Check Register to Excel.
10. Make two backups and save one Excel file.<sup>1</sup>

In Chapter 4 you learn how PCA processes payroll. Once default and maintain employee information is set up, payroll is a simple process. The

first step in setting up payroll is to go to the



Navigation Center. Peachtree's Employees & Payroll Navigation Center displays information and access points related to the company's employees. It includes a summary of employee information including 1099 vendors and access to recently used employee reports. There is also an area called Peachtree Solutions, with links to additional resources such as checks and forms.

On the left side of the Navigation Center, there is a diagram showing the flow of employee-related tasks. Click the icons to see menus that will take you where you need to go to perform those tasks.

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<sup>1</sup>Refer to the chart on page 2 for the size of backup files.

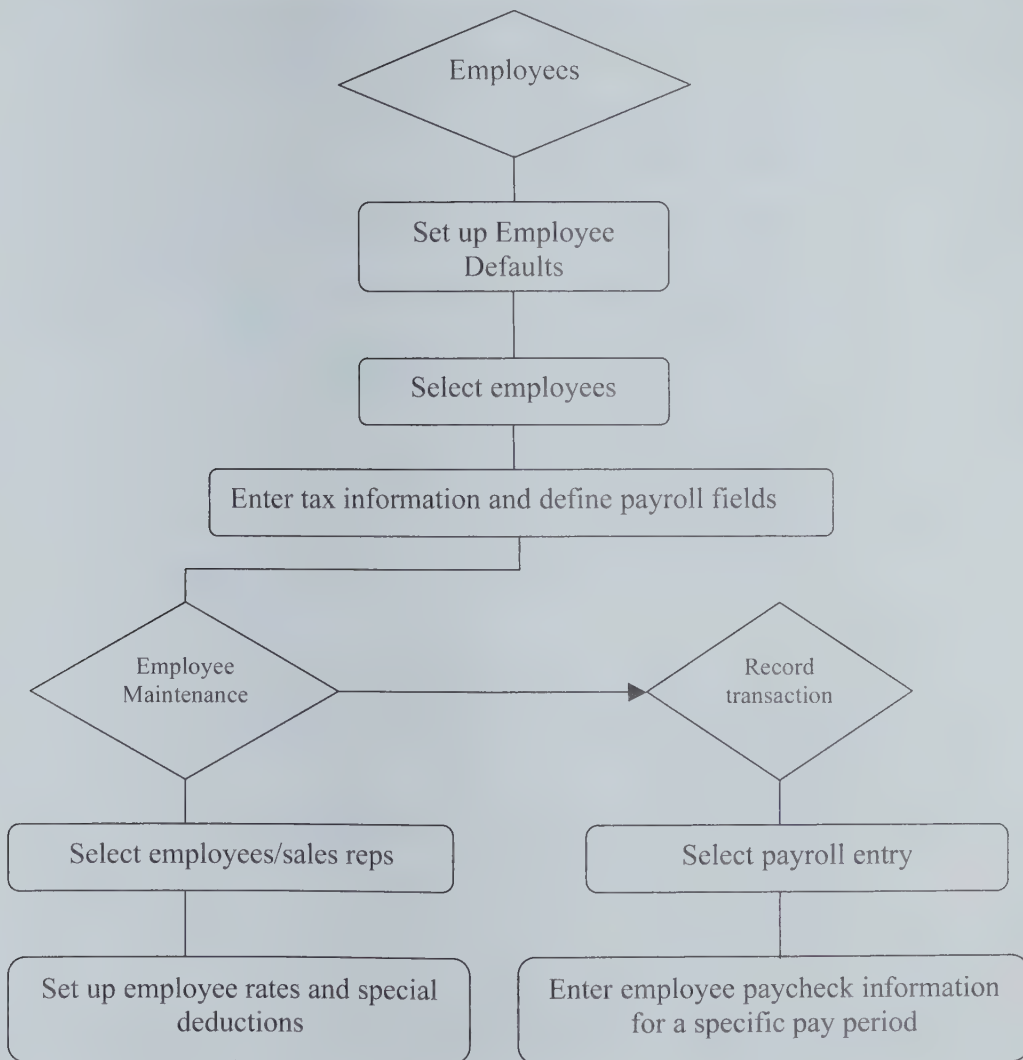


Peachtree's **employees and payroll system** is another example of the software's modular design. Peachtree's modules organize lists, transaction windows, and reports related to a specific Navigation Bar selection. In Chapter 2, Vendors, you used Peachtree's accounts payable system. In Chapter 3, Customers, you used Peachtree's accounts receivable system. In this chapter, you see how the payroll system is organized.

Another way to use Peachtree's modules is to select Tasks or Reports & Forms from the menu bar. For example, if you select Tasks from the menu bar, observe that selections for Payroll—Select for Payroll Entry and Payroll Entry—are listed together. Observe that if you select Reports & Forms from the menu bar, there is a selection for Payroll.

Some of the information that appears in the Employees & Payroll Navigation Center can be accessed with the drill down feature. Drill down is the act of following a path to its origin for further analysis. In certain Peachtree reports, click on a transaction to drill down to the window that includes the original transaction information. From financial statements, you can drill down to the General Ledger report, and then use drill down again to see original transaction detail. You can also drill down to transaction detail from the Business Status selection, as well as from receipts and payments.

The diagram on the next page describes PCA's payroll process. These steps show how payroll accounting is set up in PCA.

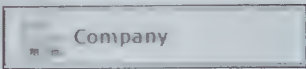
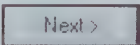
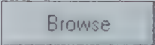
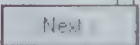
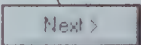
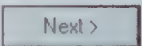




## GETTING STARTED

Follow these steps to start PCA:

1. Start Peachtree. Open the sample company, Bellwether Garden Supply. (If Bellwether Garden Supply is not shown, restore a New Company. Refer to the Read Me box on page 29.)

2. Restore your data from the Exercise 3-2 back up.

- a. From the Navigation Bar, select ; link to Restore. (The backup was made on page 141.)
- b. The Select Backup File window appears. If the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS\Exercise 3-2.ptb (or your default location), click .  
(Or, click , then select the appropriate location of the Exercise 3-2 backup file; click .)
- c. The Select Company window appears. The radio button next to An Existing Company is selected. The Company name field shows Bellwether Garden Supply; the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS (or the appropriate location on your computer). Click .
- d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
- e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored and you are returned to the menu bar. If necessary, remove the external media.

 To make sure you are starting in the appropriate place in the data (Exercise 3-2.ptb backup) check the account balance for Teesdale Real Estate.

1. Go to the Customers & Sales Navigation Center. Scroll down to the Customers list; click TEESDALE. The Maintain Customers/Prospects window shows a Balance as of Mar 15, 2011 of \$12,816.54.

- Click \$12,816.54 to drill down to the Customer Ledgers. Compare your Customers Ledgers report to the one shown below.

Bellwether Garden Supply Customer Ledgers For the Period From Mar 1, 2011 to Mar 15, 2011						
Filter Criteria includes 1) IDs: TEESDALE Report order is by ID Report is printed in Detail Format						
Customer ID Customer	Date	Trans No	Type	Debit Amt	Credit Amt	Balance
TEESDALE	3/1/11	Balance Fw				7,578.42
Teesdale Real Estate	3/1/11	101	SJ	158.95		7,737.37
	3/3/11	102	SJ	317.99		8,055.36
	3/15/11	10311	SJ	5,238.12		13,293.48
	3/15/11	8818	CRJ	7.50	7.50	13,293.48
	3/15/11	8818	CRJ		158.95	13,134.53
	3/15/11	9915	CRJ	15.00	15.00	13,134.53
	3/15/11	9915	CRJ		317.99	12,816.54
Report Total				5,737.56	499.44	12,816.54

- Close all windows.

## DEFAULT INFORMATION

PCA allows you to set up default information for your business. This information is important for payroll, customer receivables, and vendor payables. Bellwether Garden Supply already has the receivable and payable default information set up. Processing payroll is automatic once defaults are set up correctly.

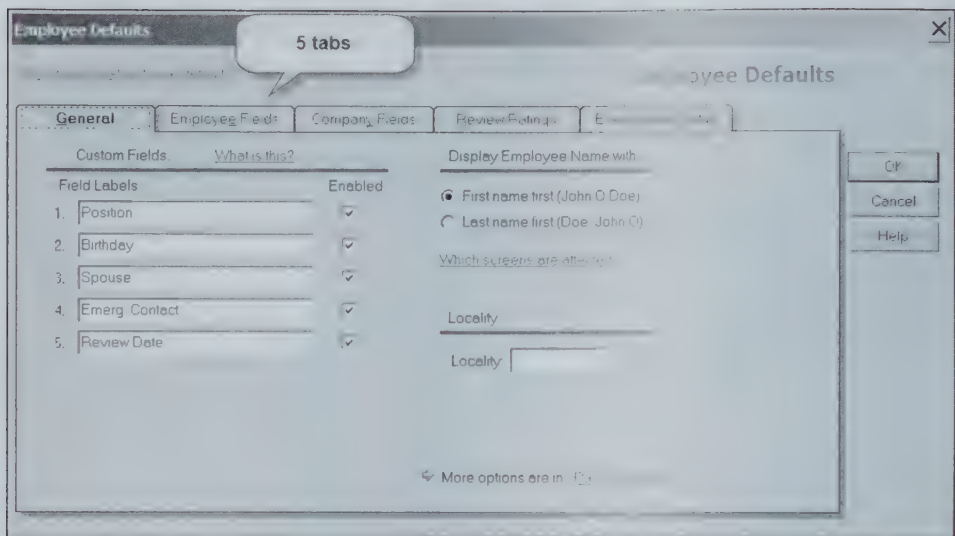
Follow these steps to set up payroll Default Information:

- From the Navigation Bar, select  **Employees & Payroll**; then click



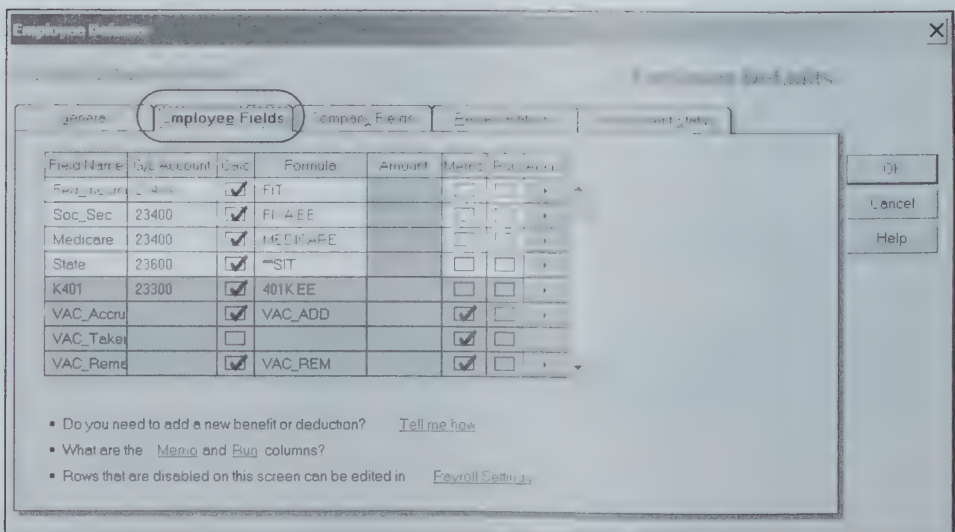
Set Up Employee Defaults. Compare your Employee Defaults window with the one on the next page.





There are five tabs on the Employee Defaults window: General, Employee Fields, Company Fields, Review Ratings, Employment Status. You can set up a lot of information within these tabs. This will make your payroll processing almost automatic.

## 2. Click on the Employee Fields tab.



Notice that there are numerous items checked in the Formula column: Fed\_Income (FIT), Soc\_Sec (FICA EE), Medicare (MEDICARE), State (\*\*SIT), K401 (401K EE), VAC\_ADD (vacation accrued), and VAC\_REM (vacation remaining), SICK\_ADD, SICK\_REM, etc. (Scroll down to see the Field Name's complete list.) These fields work together with the payroll tax tables to calculate common employee deductions.

The check marks in the Calc and Memo columns indicate common deductions. Bellwether Garden Supply computes Federal Income Tax, Social Security, Medicare, State Income Taxes, 401K, and vacation deductions. These deductions are calculated according to the appropriate tax tables and formulas entered for payroll deductions, 401K's and vacation calculations.

The accounts affected by paychecks are liability accounts set up specifically to handle these kinds of deductions. Notice that the GL Account field shows the account numbers. All the accounts that are checked off are liability accounts. You can also set up voluntary deductions (called allowances in PCA). Voluntary allowances that are individually entered on the employee paycheck could include gas allowances, union dues, and savings bonds.

There is a Memo column with a place to put check marks for amounts that should not be posted to the company's books. The Memo check box is used when you want the employee record to show amounts not on the company's books. An example would be a restaurant business that needed to show employees' tips.

3. Click on the Company Fields tab. The Company Fields tab is for the employer's portion of Soc\_Sec\_ER (Social Security), Medicare\_ER (Medicare), FUTA\_ER (Federal Unemployment Tax Act) SUI\_ER (State Unemployment Insurance), and K401\_ER (401K contribution). The Employee Defaults/Company Fields window is shown on the next page.

Employee Defaults

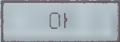
Why should I setup these defaults?

General Employee Fields **Company Fields** Review Ratings Employment Status

Field Name	Liability	Expense	Tax	Formula	Adjust
Soc_Sec_ER	23400	7.0000	<input checked="" type="checkbox"/>	FICA_ER	
Medicare_ER	23400	7.0000	<input checked="" type="checkbox"/>	MEDICARE	
FUTA_ER	23400	7.0000	<input checked="" type="checkbox"/>	FUTA_ER	
SUI_ER	23400	7.0000	<input checked="" type="checkbox"/>	SUI_ER	
401_ER	23300	7.0000	<input checked="" type="checkbox"/>	401_ER	
St2_Unemp_C	23400	7.0000	<input checked="" type="checkbox"/>	St2_Unemp_C	
			<input type="checkbox"/>		
			<input type="checkbox"/>		
			<input type="checkbox"/>		
			<input type="checkbox"/>		

• Do you need to add a new benefit or deduction? [Tell me how](#)  
 • Rows that are disabled on this screen can be edited in [Payroll Settings](#)

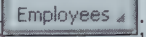
OK Cancel Help

- Click on the Review Ratings tab. You can add up to 10 performance ratings.
- Click on the Employment Status tab. This shows different statuses for Bellwether's employees: Current Employee, Terminated, Leave of Absence, etc.
- Select  to return to the Employees & Payroll Navigation Center.

## EMPLOYEE MAINTENANCE

When default information is completed, PCA sets guidelines for processing the company's payroll. On the Maintain Employees/Sales Reps window, information is entered for each employee.



- From the Employees & Payroll Navigation Center, click ; View and Edit Employees. The Employee List appears.

2. Double-click BNUNNLEY; Nunnley, Brandee. The Maintain Employees & Sales Reps window appears. Let's look at this employees' record. (*Hint:* In Chapter 15, you learn about Peachtree's payroll features in more detail.)

**Maintain Employees & Sales Reps**

File Edit Go To Window Help

Close New List Save Save & New Delete Change ID Event Log Letters Reports Attachments Outlook

\*Employee ID: BNUNNLEY Employee ☐ Inactive  
Sales Rep ☐ Both ☐

Name: Brandee M Nunnley Suffix: Mr Ms Mrs

General | Additional Info | Pay Info | Withholding Info | Vacation/Sick Time | Employee Fields | Company Fields

Address: 2777 Sweetwater Trail Home phone: 770-555-1234  
City, ST, Zip: Norcross GA 30093 Work phone: 770-555-1234  
Country: Last Raise: May 30, 2010 Mobile phone: A51 Photo  
E-mail: bnunnley@sample.peachtree.com Social Security No.: 111-22-3333  
E-mail 2: Type: STAFF Employee Beginning Balances

Customizable Fields

Position	Emerg. Contact
Retail Clerk	John Nunnley
Birthday	Review Date
29-Feb	May 27, 2010
Spouse	
John	

3. Click on the Pay Info tab.

**Maintain Employees & Sales Reps**

File Edit Go To Window Help

Close New List Save Save & New Delete Change ID Event Log Letters Reports Attachments Outlook

\*Employee ID: BNUNNLEY Employee ☐ Inactive  
Sales Rep ☐ Both ☐

Name: Brandee M Nunnley Suffix: Mr Ms Mrs

General | Additional Info | Pay Info | Withholding Info | Vacation/Sick Time | Employee Fields | Company Fields

Pay Method: Salary Pay Frequency: Bi-weekly

Rate Used To Bill Customer: 0.00

Pay Type	Use Defaults	Account	Salary Pay Rate
Salary	<input checked="" type="checkbox"/>	77500	1,210.25
Bonus	<input checked="" type="checkbox"/>	75100	0.00
Commission	<input checked="" type="checkbox"/>	75200	0.00
Salary	<input checked="" type="checkbox"/>		0.00
Salary	<input checked="" type="checkbox"/>		0.00

Performance Reviews

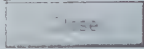
Total Bi-weekly Salary: 1,210.25  
Annual Salary: 31,466.50

☐ Eligible for health insurance  
☐ Receives W-2 electronically



Observe there is a Performance Reviews button. Select

Performance Reviews

to see if any information has been added for this employee. On page 152, the Employee Defaults window included a Review Ratings tab. When the Review Ratings tab is selected up to ten performance ratings can be set up. Click . You are returned to the Maintain Employees & Sales Reps window; the Pay Info tab is selected.

Notice the following about Ms. Nunnley:

- a. She is paid a salary of \$1,210.25.
  - b. She is paid bi-weekly (once every two weeks).
4. Click on the down-arrow in the Employee ID field.
  5. Select employee **DCARTER; Drake V. Carter**. Select the Pay Info tab. Notice that Mr. Carter is paid an hourly wage of \$9.00; overtime pay of \$13.50; and special rate of \$18.00. Observe that Mr. Carter is paid bi-weekly.
  6. Close all windows.

## PAYROLL SYSTEM

Once employee default information is set up, PCA automates the payroll process. Now that you have looked at Bellwether's payroll defaults, you can see how easily PCA computes and prints paychecks for hourly and salaried employees.


### Transferring Cash to the Payroll Checking Account

Before making a payroll entry, you need to transfer \$8,000 from Account No. 10200, Regular Checking Account; to Account No. 10300, the Payroll Checking Account. The following transaction is recorded in the general journal.

<i>Date</i>	<i>Transaction Description</i>
3/29/11	Transfer \$8,000 from the regular checking account to the payroll checking account.

Follow these steps to record this transaction in the general journal.



1. From the Navigation Bar, click ; link to General Journal Entry. The General Journal Entry window appears.
2. Select or type **29** as the date. Click on the Reference field. Type **Transfer** in the Reference field. Press the **<Enter>** key two times.
3. Your cursor is in the GL Account field. Select Account No. 10300, Payroll Checking Account (or you can type **10300**). Press **<Enter>**.
4. Your cursor should be in the Description field. Type **Payroll Checking Account** (or you can type a description) in the Description field. Press **<Enter>**.
5. Type **8000** in the Debit field. Press the **<Enter>** key three times to go to the Account No. field.
6. Your cursor should be in the GL Account field. Select Account No. 10200, Regular Checking Account.
7. Type **Regular Checking Account** in the Description field. Press the **<Enter>** key two times to go to the Credit field.
8. Your cursor is in the Credit field. Type **8000** in the Credit field. Press **<Enter>**. Observe that at the bottom of the General Journal Entry window, the Out of Balance field shows 0.00. This shows that debits equal credits, therefore, out of balance equals zero.

Compare your General Journal Entry window to the one shown on the next page.

General Journal Entry

File Edit Go To Window Help

Close New Up Save Print Delete Recalc How Reports Help

Journal Entry

Date: Mar 29, 2011 ☐ Reverse Transaction

Reference: Transfer

GL Account	Description	Debit	Credit	Job
10300	Payroll Checking Account			
10200	Regular Checking Account			

Debits = Credits

Totals

Out of Balance = 0.00

Out of Balance

Type account name or transaction description.

9. Click  to post the entry to the general ledger.

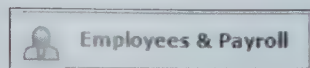
10. Close the General Journal Entry window.

### Payroll Entry for a Salaried Employee


In the next section you enter paychecks for these two employees: Brandee M. Nunnley and Drake V. Carter. When processing payroll checks, the information stored in Default Information and in the Maintain Employees file is important. Processing payroll is simple once you have set the defaults correctly.

Follow these steps to see how a paycheck for a salaried employee is done.

1. From the Navigation Bar, select



, Enter Payroll For One Employee. The Payroll Entry window appears.

2. In the Employee ID field, type **BN** for Brandee M. Nunnley and press **<Enter>**.
3. To print a check, leave the Check Number field blank by pressing **<Enter>**. If you type a check number, PCA prints Duplicate on the check.
4. Type **29** in the Date field, then press **<Enter>**. (*Remember you can also click on the Calendar icon  and select 29. If necessary, enlarge the Payroll Entry window.*) Your cursor goes to the Cash Account field. This check will be charged against the Payroll Checking Account (Account No. 10300) which is displayed in the Cash Account field.
5. Press **<Enter>**. Your cursor is in the Pay Period Ends field. Type **29** then press **<Enter>**. Your cursor goes to the Weeks in Pay Period box. The number 2 is displayed. Ms. Nunnley is on a bi-weekly pay period which means that Ms. Nunnley has two weeks in her pay period.

Notice that Brandee M. Nunnley has a Salary Amounts table that includes Salary, Bonus, and Commission. If necessary, these amounts can be adjusted. All of the Taxes - Benefits - Liabilities fields that were completed, which include Fed\_ Income, Soc\_Sec, Medicare and State tax, etc., have been calculated and display as negative amounts. They display as negative amounts because they decrease the check amount. The amounts shown as positive numbers are *not* deducted from the employee's check. Once payroll defaults and employees are set up, payroll processing is easy. Compare your Payroll Entry window for Brandee M. Nunnley to the one shown on the next page. (*Hint: A partial window is shown. To see all the amounts, scroll down the Amount column.*)




[illegible]

Observe that the Cash Account Balance field on the upper right side of the Payroll Entry window shows 11,711.09. This is because the default is to recalculate the cash balance automatically for receipts, payments, and payroll entries. From the menu bar, select Options, Global, and notice that a check mark ☒ is placed next to the Recalculate cash balance automatically in the Receipts, Payments, and Payroll Entry field. If your balance field does *not* show an amount, then place a check mark in the recalculate cash balance automatically field. Also, notice that Ms. Nunnley's paycheck amount is \$1,051.48.

6. Click  to post this payroll entry.

## Payroll Entry for an Hourly Employee

1. In the Employee ID field, click . Select Drake V. Carter.

2. If necessary, type **29** in the Date field and press **<Enter>** two times.
3. If necessary, type **29** in the Pay Period Ends field.

Since Drake V. Carter is an hourly employee, the Hours Worked table lists his regular and overtime hours. If necessary, these categories can be adjusted.

4. To see how to adjust the hours that he worked, do the following: in the Hours Worked table, click on Overtime. The Overtime row is highlighted. Make sure your cursor is in the Hours field. Type **3** and press **<Enter>**. Notice that the amounts in the Taxes - Benefits - Liabilities fields are automatically adjusted. The check amount also changed.

**Payroll Entry**

File Edit Go To Window Help

Close New List Save Print Delete Jobs Journal Event Reports Watch Help

Bellwether Garden Supply

Check Number:

Date: Mar 29, 2011

Employee ID: DCARTER

Five Hundred Eighty-Five and 23/100 \*\*\*\*\* Dollars

Pay to the: Drake V. Carter  
Order of: 1679 Chattahoochee Lane  
Flowery Branch, GA 30542

Cash Account: 20396  
Payroll Clearing Service  
Cash Account Balance: 10,659.61  
Pay Period Ends: Mar 29, 2011  
Payroll Period: Mar 29, 2011

Hours Worked		
Hourly Fields	Account	Hours
Regular	77500	80.00
Overtime	77500	3.00
Special	77500	0.00


Add another pay type Gross Pay: 760.50 Change order of payroll fields

Taxes - Benefits - Liabilities		
Name	Account	Amount
Fed_Income	23400	-84.08
Soc_Sec	23400	-47.15
Medicare	23400	11.19
State	23600	33.02
K401	23300	
VAC_Accrue	Memo	
VAC_Taken	Memo	
VAC_Remain	Memo	
SICK_Accrue	Memo	4.00
Medical	23350	0.00
Dental	23350	0.00
Soc_Sec_ER	72000	47.15

Observe that the Cash Account Balance field on the upper right side of the Payroll Entry window changed to 10,659.61. This is because the default for Peachtree is to recalculate the cash balance automatically for receipts, payments, and payroll entries. (If your Cash Account Balance


did *not* automatically recalculate, refer to Chapter 1, page 16 step 1d; Other Options area, Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry should be *checked*.)



5. Select  to post this paycheck. Close the Payroll Entry window.

## Printing Payroll Checks

Similar to vendor disbursements, there is a choice: you may print each check as you enter it in the Payroll Entry window or you can print all the checks at once. Batch posting involves printing checks before posting. Real time posting allows you to print checks later. Since real-time posting is used with Bellwether, you print checks later. (You may also use the Preview icon to display checks instead of printing them.) Follow these steps to print the checks previously entered in the Payroll Entry window.

1. From the Recently Used Employee Reports area of the Employees & Payroll Navigation Center, link to View All Employees & Payroll Reports. The Select a Report or Form window appears. Observe that in the Reports list, Payroll is selected.
2. On the Select a Report or Form window, click on the Forms tab.
3. In the Form Types list, select Payroll Checks.
4. In the Forms list, double-click OCR Multi-Purpose PR Laser. The Preview and Print Payroll Checks window appears.
5. In the Include checks through field, select March 29, 2011.
6. Type **1294** in the Number the first check field.
7. In the Filter employees by field, select ID. Brandee M. Nunnley; to Drake V. Carter.
8. Click  Refresh List. The two employee names, both check marked, appear in the table on the right side of the Preview and Print Payroll Checks window.

**Print and Print Layout Check**

Print/E-mail    Print Setup    **Print/Preview**

Include checks through:

Cash account:

Number the first check:

Use this form:

Filter employees by:  
ID:  to

Select:

Employee ID	Emp Suffix	Emp Name	Emp Date
<input checked="" type="checkbox"/> BNUNNLEY		Brandee M. Nun	03/29/11
<input checked="" type="checkbox"/> DCARTER		Drake V. Carter	03/29/11

Print/E-mail    **Print Preview**    Cancel    Help

9. Click **Print Preview**. The Print Preview window appears. The top portion of Brandee M. Nunnley's check is shown below.

Brandee M. Nunnley		Employee ID: BNUNNLEY Social Sec # xxx-xx-6894	
--------------------	--	---	--

	This Check	Year to Date		Total
Gross	1,210.25	4,841.00		
Fed. Income	-22.95	-252.57	Salary	1,210.25
Soc. Sec.	-75.04	-300.16		
Medicare	-17.55	-70.20		
State	-43.23	-197.61		
VAC Accrue	3.08	12.32		
VAC Remain	3.08	12.32		
SICK Accrue	40.00	40.00		
SICK Remain	40.00	40.00		
<b>Net Check:</b>	<b>\$1,051.48</b>	<b>Total</b>		<b>1,210.25</b>

Pay Period Beginning: Mar 16, 2011      Check Date: 3/29/11  
Pay Period Ending: Mar 29, 2011      Weeks in Pay Period: 2

Check Number: 1294      Mar 29, 2011


105148

One Thousand Fifty-One and 48/100 Dollars

Brandee M. Nunnley  
2777 Sweetwater Trail  
Norcross, GA 30093






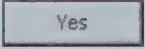
10. Click  to see Drake V. Carter's check. The top portion of Drake V. Carter's check is shown below.

Drake V. Carter			Employee ID: DCARTER Social Sec # xxx-xx-8990		
	This Check	Year to Date			
Gross	760 50	2,920 50	Hours	Rate	Total
Fed Income	-84 08	-362 21	Regular	80 00 9 00	720 00
Soc Sec	-47 15	-181 07	Overtime	3 00 13 50	40 50
Medicare	-11 03	-42 35			
State	-33 01	-124 75			
VAC Accrue	3 08	12 32			
VAC Remain	3 08	12 32			
SICK Accrue	40 00	40 00			
SICK Remain	40 00	40 00			
Net Check:	\$585 23	Total	83 00		760 50
Pay Period Beginning Mar 16, 2011			Check Date 3/29/11		
Pay Period Ending Mar 29, 2011			Weeks in Pay Period 2		
Check Number 1295			Mar 29, 2011		
			585 23		
Five Hundred Eighty-Five and 23/100 Dollars					
Drake V. Carter 1679 Chattahoochee Lane Flowery Branch GA 30542					



11. Click  to print the Check No. 1294 and 1295.

Observe that the employee statement information (also known as the pay stub) is printed first, then the actual check is printed.

12. A window appears that says Did the Checks print properly and is it is OK to assign the check numbers to the checks? If your checks are correct, click .
13. Close the Select a Report or Form window to return to the Employees & Payroll Navigation Center.

**Comment**

In Chapter 15, Employees, Payroll, and Account Reconciliation, you learn how to set the defaults for the payroll accounts. Each employee and employer deduction will be set for individual liability accounts and expense accounts. The sample company is used as an example of automatic payroll processing but does *not* reflect correct payroll accounting procedures.



**JOURNAL ENTRY FOR PAYROLL**

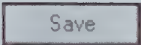
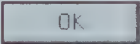
What happens when you post payroll? In the most common case, the Cash Account that you entered in the Payroll Default window is automatically credited for the net paycheck amount when you post payroll checks. The employee salary expense account is debited for the gross amount of the check and any deductions you use are credited. The following table shows the payroll journal entry for the hourly employee, Drake V. Carter.

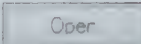
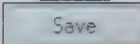
Account Description	Debit	Credit
Wages Expense (Regular Hours)	720.00	
Wages Expense (Overtime Hours)	40.50	
Federal Payroll Taxes Payable (Fed_Income)		84.08
Social Security (Soc_Sec for the Employee)		47.15
Medicare (Medicare for the Employee)		11.03
State Payroll Taxes Payable		33.01
Payroll Checking Account		585.23

**BACKING UP CHAPTER 4 DATA**

Follow these steps to back up Chapter 4 data:

1. From the Navigation Bar, click ; link to Back up.
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 4** in the File name field.

4. Click .
5. When the window prompts that This company backup will require approximately 9.87MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 4. You are returned to the menu bar.
6. Click File, Exit to exit Peachtree, or continue with the next section.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 4. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities, then link to Part 1 Internet Activities for Chapter 1-8. Select  or  .
4.	If necessary, scroll down to THE AMERICAN INSTITUTE OF CPAs – Chapter 4. Complete steps 1-3.
5.	Using a word processing program, write a summary about the site(s) you selected. Remember to include the website address(es) of each link. Your summary should be no more than 75 words or less than 50 words.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, pages 164-165.
2. Short-answer questions, pages 165-167.
3. Exercises 4-1 and 4-2, page 168.
4. Assessment rubric, page 169.
5. Analysis questions, page 169.
6. Chapter 4 Index, page 170.

## GOING TO THE NET

Access the SmartPros website at <http://accounting.smartpros.com/>. Move your cursor over Career Center. From the Career Center list, select Career Resources, then link to Effective Salary Negotiation. The

URL is <http://accounting.smartpros.com/x28536.xml>. Read the Effective Salary Negotiation article. Answer the following questions. (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 4.)

1. What skills should you objectively evaluate?
2. List three factors that affect starting salary.

**Short-Answer Questions:** In the space provided, write an answer to the question.

1. Draw the diagram that shows how payroll accounting is done in PCA.

2. When setting up payroll defaults, what is the first step?

---

---



3. Identify the five tabs on the Employee Defaults window.

---

---

---

4. What is the Maintain Employees/Sales Reps window used for?

---

---

---

5. What do the check marks in the Calc column of the employee defaults indicate? Explain.

---

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6. What is the difference in the appearance of the Payroll Entry window for an hourly employee and a salaried employee? Explain.

---

---

7. Why do the employee deductions display as negative amounts on the Payroll Entry window?

---



---



---



---

8. What are the gross pay amounts for Brandee M. Nunnley and for Drake V. Carter? Include Mr. Carter's overtime pay.

---



---

9. What is the net pay for Brandee M. Nunnley and for Drake V. Carter? Include Mr. Carter's overtime pay.

---



---

10. What is the fundamental purpose of the AICPA? (*Hint: Refer to the Internet Activity to answer this question.*)

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**Exercise 4-1:** Follow the instructions below to complete Exercise 4-1:

1. Start PCA. Open Bellwether Garden Supply.
2. Restore data from the end of Chapter 4. This back up was made on pages 163-164.
3. Record the transaction below.

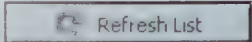
<i>Date</i>	<i>Transaction Description</i>
03/29/11	Record paycheck information for Brandon A. Hugley.

4. Post the payroll entry.
5. Continue with Exercise 4-2.

**Exercise 4-2:** Follow the instructions below to complete Exercise 4-2:

1. Record the following transaction:

<i>Date</i>	<i>Transaction Description</i>
03/29/11	Record paycheck information for Derrick P. Gross.

2. Post the payroll entry.
3. Print Check Nos. 1296 and 1297. (*Hint: The Include checks through field should show Mar 29, 2011; the Number the first check field should display 1296. If not, type 1296. Click  Refresh List. Remember to select From Brandon A. Hugley To Derrick P. Gross.*)
4. Print the Payroll Check Register. (*Hint: In the Recently Used Employee Reports area of the Employees & Payroll Navigation Center, link to Print the Payroll Check Register. Accept the default for This Period.*)
5. Close all windows. Back up Exercise 4-2. Use **Exercise 4-2** as the file name.
6. Export the Payroll Check Register to Excel. Use **Exercise 4-2\_Payroll Check Register.xlsx** as the file name.

**Check your figures:** Payroll Register, 3/1/11 thru 3/31/11, \$37,631.02

## ASSESSMENT RUBRIC

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 4, Assessment Rubric link. To review Peachtree's journals, navigation centers, modules, and task windows, complete the blank fields online.

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
3/29	Record paycheck information for Derrick P. Gross.			

## ANALYSIS QUESTIONS

1. What pay methods does Bellwether Garden Supply use to pay employees? Briefly explain how you determine Bellwether's pay method.
2. Are all employees paid the same way; for example, bi-weekly? Explain how to determine the frequency with which an employee is paid.



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# Chapter 5 General Ledger, Inventory, and Internal Control

## LEARNING OBJECTIVES

1. Restore data from Exercise 4-2. (This backup was made on page 168.)
2. Enter a new account in the Chart of Accounts.
3. Look at Peachtree's budget feature.
4. Record and post a General Journal entry to transfer funds.
5. Display the General Ledger Trial Balance.
6. Set up an Inventory Item.
7. Record an inventory adjustment.
8. Look at Peachtree's internal controls, user security and access, and audit trail.
9. Complete the Internet Activity online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
10. Export General Ledger Trial Balance to Excel.
11. Make two backups and save one Excel file.

In Chapter 5, the General Ledger Chart of Accounts is used; and you continue to work with the sample company, Bellwether Garden Supply. In Parts 2 and 3 of the textbook (Chapters 9-14 and Projects 1 through 4A), 11 companies are set up. In other words, sample company data is not used. When a new company is set up, the following initial steps are performed: set up a chart of accounts and enter beginning balances or budget amounts.

This chapter also shows you how to use PCA's Inventory system. PCA lets you track inventory items both at the purchasing and the sales level. When an inventory item is set up, the General Ledger accounts that are updated by purchases and sales are established. PCA keeps track of cost of goods sold, stock levels, sales prices, and vendors. PCA uses a **perpetual inventory** system. In a perpetual inventory system, an up-to-date record of inventory is maintained, recording each purchase and each sale as they occur.

Another Peachtree feature is user security. On pages 197-205, Security and Internal Control, you look at how Peachtree keeps company data secure.

## PEACHTREE HELP: CHART OF ACCOUNTS

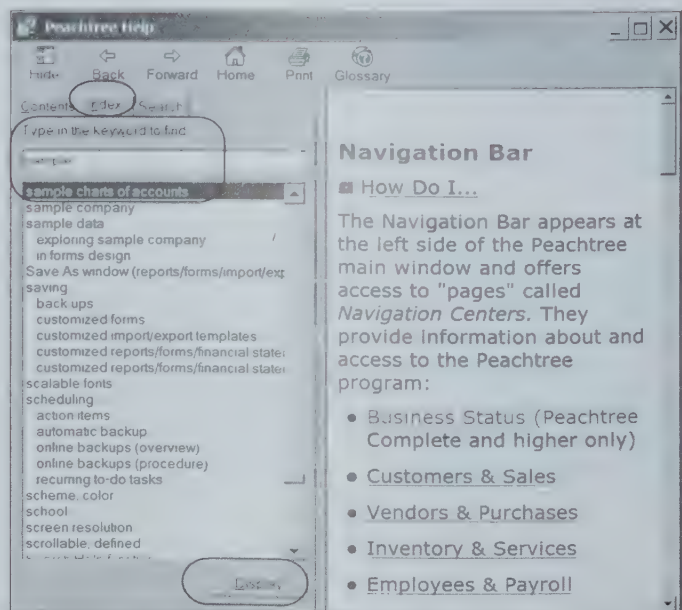
In accounting you learn that a chart of accounts is a list of all the accounts used by a company showing the identifying number assigned to each account. PCA includes over 75 sample companies' Charts of Accounts. A Chart of Accounts can be set up from scratch or you can select an industry-specific simplified or extensive Chart of Accounts.

To see the sample Charts of Accounts, follow these steps:

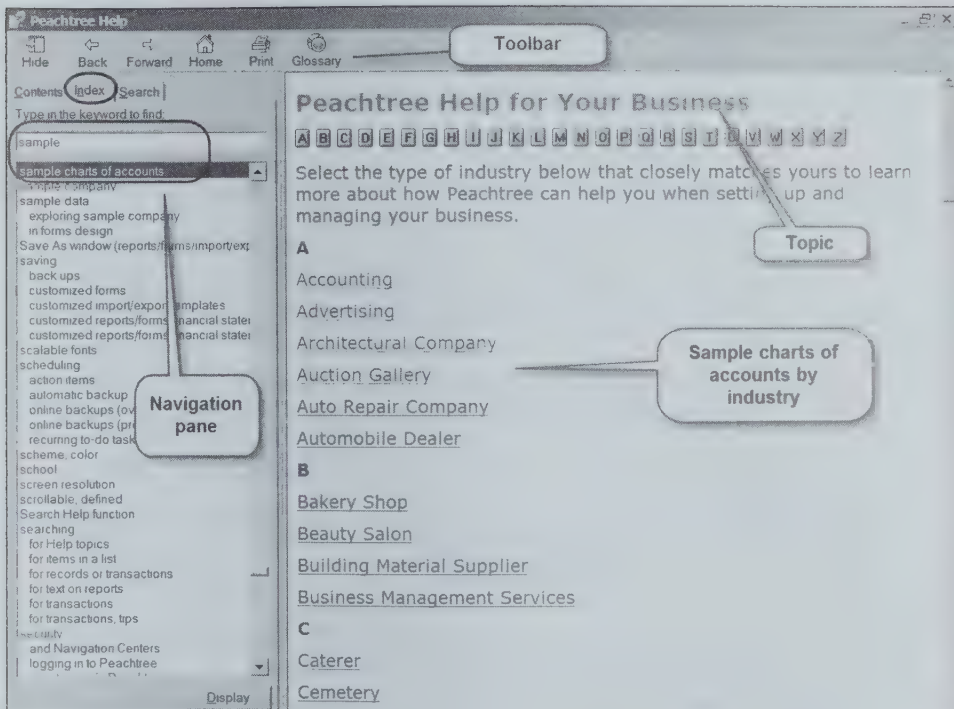
1. Start PCA. Open Bellwether Garden Supply. (If Bellwether Garden Supply is not shown, restore a New Company. Refer to the Read Me box on page 29.)
2. Click Help; Peachtree Accounting Help. The Peachtree Help window appears. Peachtree's help is also called online Help. Peachtree Help topics are displayed in the **HTML** (Hypertext Markup Language) Help Viewer.

3. If necessary, click on the Index tab.
4. In the Type in the keyword to find field, type **sample**. The words, sample charts of accounts, are highlighted. Click

[Display](#)



5. The right pane shows sample charts of accounts by industry.




Observe that there are three panes on the Peachtree Help window:

- ▶ On the left side of the window is the Navigation pane. It contains three tabs: Contents, Index, and Search. Use the Navigation pane to browse or search for topics.
- ▶ On the right side of the window is the Topic pane. The topic pane displays each Help topic or Web page selected in the Navigation pane. In this example, the topic pane shows charts of accounts by industry.
- ▶ The third pane is the toolbar, located below the Peachtree Help title bar. The toolbar is similar to Internet Explorer's toolbar.



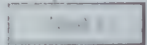
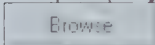
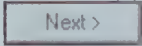
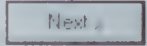
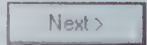
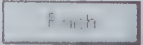
6. On the topic pane (right side), click Accounting. The Accounting Agency window appears. Scroll down the window. In the What do you want to do next? area, click Display a sample chart of accounts. A sample chart of accounts for an Accounting Company appears.




7. Click  on the Peachtree Help title bar to close the Help window.

## GETTING STARTED



1. PCA's Navigation Bar should be displayed.

2. Restore your data from the Exercise 4-2 backup. 
- a. From the Navigation Bar, select ; link to Restore. (The backup was made on page 168.)
- b. The Select Backup File window appears. If the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS\Exercise 4-2.ptb (or your default location), click . (Or, click , then select the appropriate location of the Exercise 4-2 backup file; click .)
- c. The Select Company window appears. The radio button next to An Existing Company is selected. The Company name field shows Bellwether Garden Supply; the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS, (or the appropriate location on your computer). Click .
- d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
- e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored and you are returned to the menu bar. If necessary, remove external media.

-  To make sure you are starting in the appropriate place in the data (Exercise 4-2.ptb backup) check the Payroll Check Register. Link to the Payroll Check Register from the Employee's & Payroll Navigation Center. Make sure Check Nos. 1294-1297 are listed. A partial Payroll Check Register is shown below.

Bellwether Garden Supply Payroll Check Register For the Period From Mar 1, 2011 to Mar 31, 2011			
Filter Criteria includes: Report order is by Check Date Report is printed in Detail Format			
Reference	Date	Employee	Amount
1287	3/15/11	Susan T. Prichard	559.22
1288	3/15/11	Samuel R. Prather	1,148.62
1289	3/15/11	Thatcher G. Leverne	759.00
1290	3/15/11	Tim O. Maske	1,380.01
1291	3/15/11	Tyler F. Riddell	756.11
1292	3/15/11	Virginia L. Ansell	965.72
1293	3/15/11	Vincent O. Kilbourne	759.00
1294	3/29/11	Brandee M. Nunnley	1,051.48
1295	3/29/11	Drake V. Carter	585.23
1296	3/29/11	Brandon A. Hugley	650.25
1297	3/29/11	Derrick P. Gross	1,058.87
		3/1/11 thru 3/31/11	<u>37,631.02</u>
		3/1/11 thru 3/31/11	<u><u>37,631.02</u></u>

3. Close all windows.

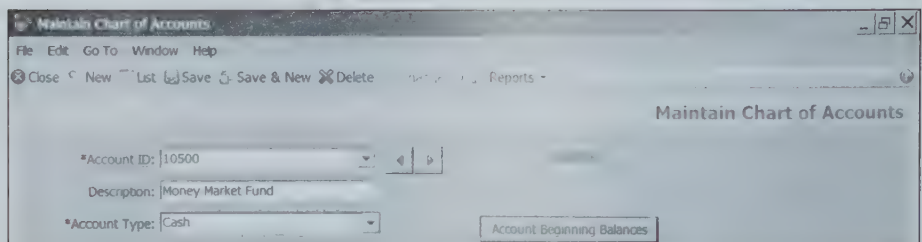
4. From the Navigation Bar, select  **Company**,  **Chart of Accounts**. The Maintain Chart of Accounts window appears.

5. To add a new Money Market account, follow these steps:
- In the Account ID field, type **10500** and press **<Enter>**


- b. Your cursor is in the Description field. Type the name of the account **Money Market Fund**, and press **<Enter>**.
- c. Your cursor is in the Account Type field. There is a drop-down list indicated by a down arrow. The default Account Type is Cash.

\*Account Type:

In the Account Type field specify the kind of account you are creating; for example, Cash, Cost of Sales, Equity-doesn't close, Equity-gets closed, etc. Select the drop-down list by clicking on the down arrow in the Account Type field to display the list of available account types. Make sure **Cash** is highlighted and press **<Enter>**. *The Account Type is important; it sorts each account on the financial statements.* Compare your Maintain Chart of Accounts window to the one shown below. (The top portion of the Maintain Chart of Accounts window is shown.)

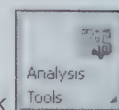



Remember to check the Account Type field. The selection made in the Account Type field classifies accounts on the financial statements.


6. Click  then close to return to the Company Navigation Center.

## BUDGETS

Bellwether Garden Supply already has a budget set up. To see Bellwether's budget, follow these steps.



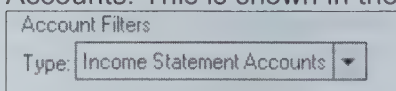
1. From the Company Navigation Center, click ; View and Edit Budgets. The Maintain Budgets window appears. Let's examine what it shows. If necessary, enlarge the window.

Observe that the Maintain Budgets window shows an icon bar with an Excel selection—. Most Peachtree reports can be exported to Excel.



The author recommends that if you are attaching Peachtree reports in an email to your instructor, Excel attachments be used.

The Maintain Budgets window defaults to Income Statement Accounts. This is shown in the Account Filters/Type field –



Account Filters

Type:

The Maintain Budgets window lets you build a forecast of dollar amounts for selected accounts for each fiscal period. You can filter the accounts you budget for by account type (income statement accounts, expenses, etc.). For example, the amount budgeted to Account No. 40000-AV, Sales - Aviary for 3/31/11 was \$7,000.00. Let's look at the Income Statement to see how close that amount was to the actual sales for Account No. 40000-AV, Sales - Aviary. (*Hint: The Total column shows the accumulated total for 1/31/11 through 12/31/11.*)

A partial Maintain Budgets window is shown on the next page.



**Maintain Budgets**

File Edit Go To Window Help

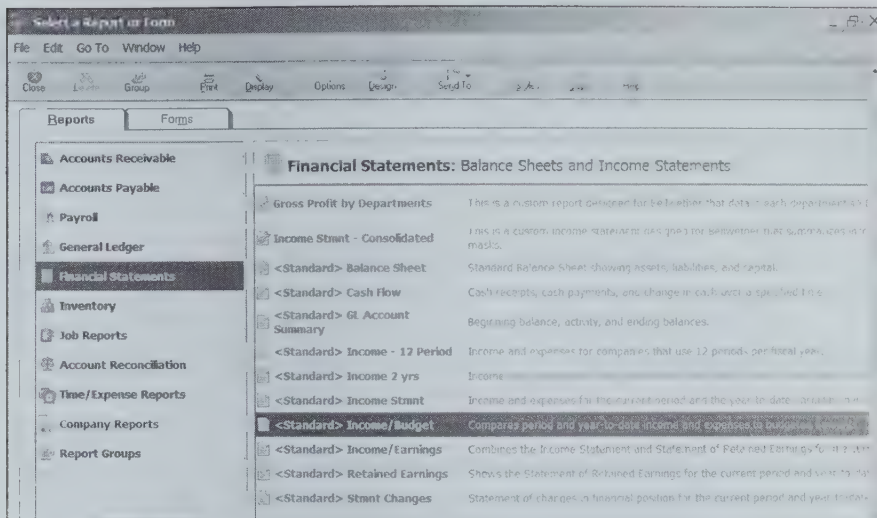
Close Save Print Import AutoFill Excel Note Calc Reports Attachments


Account Filters  
Type: Select a Statement Account Department: Show Results

Account ID	Account Name	Total	1/31/11	2/28/11	3/31/11	4/30/11	5/31/11	6/30/11
40000-AV	Sales - Aviary	115,500.00	8,000.00	6,000.00	7,000.00	8,500.00	7,000.00	7,000.00
40000-BK	Sales - Back	26,800.00	2,800.00	4,000.00	2,000.00	2,000.00	2,000.00	2,000.00
40000-CE	Sales - Cereals	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40000-EQ	Sales - Equipment	384,100.00	17,300.00	7,000.00	15,100.00	10,100.00	10,100.00	10,100.00
40000-FF	Sales - Food/Fert	32,200.00	2,500.00	1,800.00	2,600.00	3,000.00	3,200.00	3,000.00
40000-FU	Sales - Furniture	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40000-HT	Sales - Hand Tools	35,850.00	2,850.00	3,000.00	3,000.00	3,200.00	3,200.00	3,200.00
40000-LS	Sales - Landscape	108,250.00	800.00	8,500.00	9,000.00	12,500.00	6,500.00	6,500.00
40000-MI	Sales - Miscellaneous	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40000-NU	Sales - Nursery	250,800.00	2,600.00	10,500.00	15,800.00	15,800.00	15,800.00	15,800.00
40000-PO	Sales - Pots	35,300.00	2,900.00	1,000.00	4,200.00	4,200.00	4,200.00	4,200.00
40000-SE	Sales - Seeds	26,300.00	500.00	6,100.00	3,000.00	3,400.00	3,400.00	3,400.00
40000-SO	Sales - Soil	31,780.00	700.00	6,900.00	4,100.00	4,100.00	4,100.00	4,100.00
40000-ST	Sales - Statuary	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40000-TO	Sales - Topiary	0.00	0.00	0.00	0.00	0.00	0.00	0.00
40800	Interest Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
41000	Other Income	25,000.00	5,000.00	0.00	0.00	0.00	0.00	0.00
45400	Finance Charge Inc	0.00	0.00	0.00	0.00	0.00	0.00	0.00
48000	Sales Returns and	0.00	0.00	0.00	0.00	0.00	0.00	0.00
49000	Sales Discounts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50000	Product Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50000-AV	Product Cost - Ave	44,500.00	6,000.00	2,300.00	2,600.00	2,800.00	2,600.00	2,600.00
50000-BK	Product Cost - Boo	14,100.00	500.00	1,600.00	1,200.00	1,200.00	1,200.00	1,200.00
50000-CE	Product Cost - Cer	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50000-EQ	Product Cost - Equ	92,700.00	2,000.00	6,300.00	7,000.00	8,800.00	8,800.00	8,800.00
50000-FF	Product Cost - Foo	19,600.00	1,000.00	800.00	1,800.00	2,200.00	2,400.00	2,400.00
50000-FU	Product Cost - Furi	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50000-HT	Product Cost - Han	17,650.00	1,350.00	1,450.00	1,450.00	1,600.00	1,600.00	1,600.00
50000-LS	Product Cost - Lan	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50000-MS	Product Cost - Mis	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50000-PO	Product Cost - Pot	890.00	65.00	175.00	65.00	65.00	65.00	65.00
50000-SE	Product Cost - See	9,350.00	150.00	2,000.00	1,000.00	1,200.00	1,200.00	1,200.00

To compare the March 31, 2011 budgeted amount for Account No. 40000, Sales-Aviary to the actual amount, display the <Standard> Income/Budget report. Follow these steps to do that.

1. Minimize the Maintain Budgets window. The Company Navigation Center is displayed.
2. From the menu bar, select Reports & Forms; Financial Statements. Select <Standard> Income/Budget. The Select a Report or Form window is shown on the next page.



3. Click . The <Standard> Income/Budget window appears. Observe that the title of the report shows Income Statement, Compared with Budget. Observe that Sales - Aviary for the Current Month is 7,127.71. The Current Month Budget shows 7,000.00. The Income Statement, Compared with Budget report's Total Revenues section is shown below.

Current Month Budget and Current Month Variance are also shown for the current month, March 31, 2011, and Year to Date balances. A partial Income Statement, Compared with Budget is shown below.

Bellwether Garden Supply Income Statement Compared with Budget For the Three Months Ending March 31, 2011						
	Current Month Actual	Current Month Budget	Current Month Variance	Year to Date Actual	Year to Date Budget	Year to Date Variance
Revenues						
Sales	\$ 295.00	\$ 0.00	295.00	\$ 295.00	\$ 0.00	295.00
Sales - Aviary	7,127.71	7,000.00	127.71	51,697.86	51,000.00	697.86
Sales - Books	149.75	2,000.00	(1,850.25)	7,293.10	8,800.00	(1,506.90)
Sales - Equipment	18,038.77	35,100.00	(17,061.23)	60,392.26	79,400.00	(19,007.74)
Sales - Food/Fert	1,006.96	2,600.00	(1,593.04)	5,204.15	6,900.00	(1,695.85)
Sales - Hand Tools	729.67	3,000.00	(2,270.33)	7,058.12	8,850.00	(1,791.88)
Sales - Landscape Services	17,467.43	9,000.00	8,467.43	26,975.53	18,300.00	8,675.53
Sales - Miscellaneous	0.00	0.00	0.00	45.00	0.00	45.00
Sales - Nursery	33,795.03	35,800.00	(2,004.97)	67,637.11	68,900.00	(1,262.89)
Sales - Pots	7,919.31	4,200.00	3,719.31	11,483.74	8,100.00	3,383.74
Sales - Seeds	1,457.43	3,000.00	(1,542.57)	8,661.39	9,600.00	(938.61)
Sales - Soil	724.92	4,100.00	(3,375.08)	9,152.45	11,700.00	(2,547.55)
Other Income	100.00	0.00	100.00	25,600.00	25,000.00	600.00
Sales Discounts	(145.72)	0.00	(145.72)	(155.62)	0.00	(155.62)
Total Revenues	88,711.26	105,800.00	(17,088.74)	281,340.09	296,550.00	(15,209.91)

What does the Income/Budget report show? For the Current Month, March 31, 2011, the budgeted amount of \$7,000 was exceeded by the actual sales amount of \$7,127.71 for Sales—Aviary. The current month variance is 127.71—sales exceeded the budget by that amount. Amounts shown in parentheses indicate that sales were lower than budgeted amounts.

4. Close the <Standard> Income/Budget report; and close the Select a Report or Form window.

## GENERAL JOURNAL

To open the Money Market Fund, transfer \$4,500 from Bellwether's regular checking account to Account No. 10500, Money Market Fund. Also, transfer \$1,000 from Bellwether's regular checking account to the payroll checking account (10300, Payroll Checking Account). The transfer of funds is recorded in the General Journal, and then posted to the General Ledger.

<i>Date</i>	<i>Transaction Description</i>
03/15/11	Transfer \$4,500 to the Money Market Fund and \$1,000 to the Payroll Checking Account from the Regular Checking Account.

Follow these steps to enter the transfer of funds:


1. From the Company Navigation Center, link to General Journal Entry. The General Journal Entry window appears.
2. Press **<Enter>** to accept the displayed date (3/15/11) in the Date field.
3. Your cursor is in the Reference field. Type **Transfer** and press **<Enter>** two times.
4. Your cursor is in the GL Account field. Type the account number for the Money Market Fund account, **10500**, and press the **<Enter>** or **<Tab>**. Observe that Money Market Fund appears below the account number.

5. Type **Money Market Fund** in the Description field. In this textbook, the account name is used as the description. You may prefer to type a description instead; for example, Established money market account. When a description is typed, it will repeat automatically on each Description line. Press **<Enter>** or **<Tab>** to go to the Debit field.
6. You are going to increase this account by \$4,500. Type a debit amount of **4500** and press **<Enter>** three times. (It doesn't matter whether you type the debit or credit part of the entry first.) Notice that the Totals field displays 4,500.00 below the Debit column. The Out of Balance amount beneath it totals 4,500.00.
7. Your cursor is in the Account No. field. Type **10300** and press **<Enter>**. Payroll Checking Account displays on the line below the account number. Type **Payroll Checking Account** in the Description field. Press **<Enter>** to go to the Debit field.
8. Type **1000** in the Debit field. Press **<Enter>** three times.
9. Your cursor is in the Account No. field. Type **10200**; press **<Enter>**. Type **Regular Checking Account** in the Description field. Press **<Enter>** two times to go to the Credit field.
10. Type **5500** in the Credit field; press **<Enter>**. Notice that the Totals field now displays 5,500.00 beneath the Credit column. The Out of Balance amount equals zero (0.00). This means that the General Journal is in balance and can be posted. Compare your General Journal Entry window to the one shown on the next page.



GL Account	Description	Credit	Debit
Money Market Fund		5,500.00	
Payroll Checking Account			1,000.00
Regular Checking Account			5,500.00
		5,500.00	6,500.00



11. Click  to post to the General Ledger. Close the General Journal Entry window to return to the Company Navigation Center.

The General Journal entry that you just completed transferred \$4,500 from Bellwether's Regular Checking Account (Account No. 10200) to their Money Market Fund (Account No. 10500) and \$1,000 to their Payroll Checking Account (Account No. 10300). To check that the account transfers have been made, follow these steps:

1. From the menu bar, select Reports & Forms, then General Ledger. The Select a Report or Form window displays.
2. In the General Ledger: Account Information List, double-click General Ledger Trial Balance. The General Ledger Trial Balance is shown on the next two pages.

**Bellwether Garden Supply**  
**General Ledger Trial Balance**  
**As of Mar 31, 2011**

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account I	Account Description	Debit Amt	Credit A
10000	Petty Cash	327.55	
10100	Cash on Hand	1,850.45	
10200	Regular Checking Account	10,246.52	
10300	Payroll Checking Account	9,365.26	
10400	Savings Account	7,500.00	
10500	Money Market Fund	4,500.00	
11000	Accounts Receivable	175,594.96	
11400	Other Receivables	7,681.84	
11500	Allowance for Doubtful Account		5,000.00
12000	Inventory	12,614.61	
14000	Prepaid Expenses	14,221.30	
14100	Employee Advances	3,000.65	
14200	Notes Receivable-Current	11,000.00	
14700	Other Current Assets	120.00	
15000	Furniture and Fixtures	62,769.25	
15100	Equipment	38,738.33	
15200	Vehicles	86,273.40	
15300	Other Depreciable Property	6,200.96	
15500	Buildings	185,500.00	
15600	Building Improvements	26,500.00	
17000	Accum. Depreciation-Furniture		54,680.57
17100	Accum. Depreciation-Equipment		33,138.11
17200	Accum. Depreciation-Vehicles		51,585.26
17300	Accum. Depreciation-Other		3,788.84
17500	Accum. Depreciation-Buildings		34,483.97
17600	Accum. Depreciation-Bldg Imp		4,926.28
19000	Deposits	15,000.00	
19100	Organization Costs	4,995.10	
19150	Accum Amortiz - Organiz Costs		2,000.00
19200	Notes Receivable- Noncurrent	5,004.90	
19900	Other Noncurrent Assets	3,333.00	
20000	Accounts Payable		80,626.01
23000	Accrued Expenses		3,022.55
23100	Sales Tax Payable		18,056.89
23200	Wages Payable		2,320.30
23300	401 K Deductions Payable		2,490.32
23350	Health Insurance Payable	530.64	
23400	Federal Payroll Taxes Payable		41,791.17
23500	FUTA Tax Payable		258.20
23600	State Payroll Taxes Payable		6,857.05
23700	SUTA Tax Payable		658.67
23800	Local Payroll Taxes Payable		113.25
23900	Income Taxes Payable		11,045.75
24000	Other Taxes Payable		2,640.15
24100	Current Portion Long-Term Debt		5,167.00
24300	Contracts Payable- Current		2,000.00
24700	Other Current Liabilities		54.00
27000	Notes Payable-Noncurrent		4,000.00
39003	Common Stock		5,000.00
39004	Paid-in Capital		100,000.0
39005	Retained Earnings		189,037.6
40000	Sales		295.00
40000-AV	Sales - Aviary		51,652.86
40000-BK	Sales - Books		7,293.10
40000-EQ	Sales - Equipment		60,202.29
40000-FF	Sales - Food/Fert		5,204.15
40000-HT	Sales - Hand Tools		7,058.12
40000-LS	Sales - Landscape Services		26,975.53
40000-MI	Sales - Miscellaneous		45.00
40000-NU	Sales - Nursery		67,637.11
40000-PO	Sales - Pots		11,483.74
40000-SE	Sales - Seeds		8,661.39
40000-SO	Sales - Soil		9,152.45

Bellwether Garden Supply General Ledger Trial Balance As of Mar 31, 2011			
Filter Criteria includes. Report order is by ID. Report is printed in Detail Format.			
Account I	Account Description	Debit Amt	Credit Amt
41000	Other Income		25,600.00
49000	Sales Discounts	155.62	
50000	Product Cost		
50000-AV	Product Cost - Aviary	20,821.45	
50000-BK	Product Cost - Books	2,361.37	
50000-EQ	Product Cost - Equipment	24,154.95	
50000-FF	Product Cost - Food/Fert	2,060.04	
50000-HT	Product Cost - Hand Tools	2,813.85	
50000-PO	Product Cost - Pots	3,423.60	
50000-SE	Product Cost - Seeds	3,450.65	
50000-SO	Product Cost - Soil	4,075.97	
57000-NU	Direct Labor - Nursery	3,062.50	
57200	Materials Cost	1,397.45	
57200-NU	Materials Cost - Nursery	9,668.50	
57300-LS	Subcontractors - Landscaping	335.50	
57500	Freight	50.00	
60000	Advertising Expense	1,325.00	
61000	Auto Expenses	274.56	
61500	Bad Debt Expense	1,341.09	
62000	Bank Charges	18.00	
64000	Depreciation Expense	8,394.00	
68500	Legal and Professional Expense	510.00	
69000	Licenses Expense	150.00	
70000	Maintenance Expense	75.00	
71000	Office Expense	534.64	
72000	Payroll Tax Exp	15,857.60	
74000	Rent or Lease Expense	1,100.00	
74500	Repairs Expense	3,694.00	
75500	Supplies Expense	2,873.42	
77000	Utilities Expense	303.45	
77500	Wages Expense	138,465.46	
89000	Other Expense	464.90	
89500	Purchase Disc- Expense Items		10.11
<b>Total:</b>		<b>946,081.29</b>	<b>946,081.29</b>

On page 183, Account No. 10200, Regular Checking Account, has a debit balance of \$10,246.52; Account No. 10300, Payroll Checking Account, has a debit balance of \$9,365.26; and Account No. 10500, Money Market Fund, has a debit balance of \$4,500.00. This shows that the General Journal entry that you just completed is posted correctly. To see the rest of the General Ledger Trial Balance, scroll down the General Ledger Trial Balance window.


3. Close the General Ledger Trial Balance.
4. Close the Select a Report or Form window.

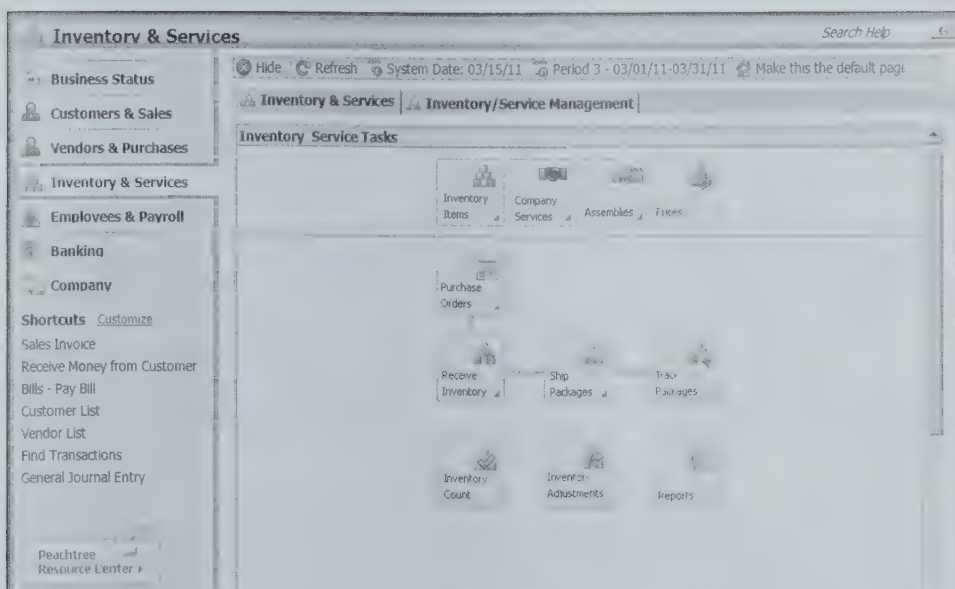
## SETTING UP AN INVENTORY ITEM

This part of Chapter 5 explains PCA's Inventory system.

The sample company, Bellwether Garden Supply, has decided to track cleaning supplies as stock inventory items and to bill clients for supplies used. First, you need to enter the cleaning supplies they stock as Inventory Items.

Peachtree's Inventory & Services Navigation Center shows Peachtree's **Inventory System**, another module within the software. The Navigation

Bar's  **Inventory & Services** selection displays information and access points related to the company's inventory items. It includes a summary of item information, access to recently used inventory reports, and a graphic analysis of how the cost of sales is trending. In addition, the Inventory & Services Navigation Center shows the flow of inventory-related tasks and takes you where you need to go to perform those tasks. Observe that drill down links are also available. If necessary, scroll down the Inventory & Services Navigation Center window to see all the areas. The Inventory & Services workflow diagram is shown below.





Follow these steps to set up an Inventory Item:



1. From the Inventory & Services Navigation Center, select **New Inventory Item**. The Maintain Inventory Items window displays.
2. In the Item ID field, type **AVRY-10300** (type a capital A because the ID code is case sensitive--the first four characters should be in uppercase) and press **<Enter>**.
3. In the Description field, type **Oriole Feeder** and press **<Enter>**.
4. Your cursor is in the Item Class field. Select Stock item.


### Inventory Types

If you click on the down-arrow next to the Item Class field, observe that there are several types of Inventory Items:




- **Stock item:** This is the default in the Item Class list. It is the traditional inventory item where the program tracks descriptions, unit prices, stock quantities, and cost of goods sold. For stock items, you should complete the entire window. Once an item has been designated as a stock item, the type cannot be changed.
- **Master Stock Item:** A special item that does not represent inventory you stock but rather contains information shared with a number of substock items generated from it.
- **Non-stock item:** PCA tracks the description and a unit price for sales. You can also track default accounts. You might use this type for service items such as hours where the unit price is set.
- **Description only:** PCA keeps track of the description of an Inventory Item. This saves time when entering purchases and sales because you don't have to retype the description. You might use this type for service items where the price fluctuates.

- Service: This is for services you can apply to your salary and wages account.
- Labor: This is for labor you can apply to your salary and wages account. You cannot purchase labor items but you can sell them.
- Assembly: You can specify items as assembly items and create a bill of materials for a unit made up of component stock or subassembly items.
- Activity item: To indicate how time is spent when performing services for a customer, for a job, or for internal administrative work, activity items are used with the Time & Billing feature.
- Charge item: Expenses recorded by an employee or vendor when company resources are used for a customer or job.

Follow these steps to continue setting up an Inventory Item:

1. Make sure Stock item is shown in the Item Class field. Press the **<Enter>** key.
2. Your cursor is in the Description for Sales field. Press the **<Enter>** key to go to the description field. Type **Oriole Feeder** and press **<Enter>**.
3. Your cursor is in the Price Level 1 field. Click on the right arrow button  in this field. The Multiple Price Levels window appears. In the Price Level 1 row, click on the Price field. Type **15** on the Price Level 1 row, then press **<Enter>**. You can set up ten different sales prices per item.

Compare your Multiple Price Levels window to the one shown on the next page.

4. Click  to close the Multiple Price Levels window. The Price Level 1 field shows 15.00.
5. Click on the Last Unit Cost field. Delete the 0.00. Type 7 and press **<Enter>**.
6. Observe that the Cost Method is FIFO. Peachtree includes three inventory cost methods: FIFO, LIFO and Average. Press **<Enter>**.
7. Your cursor is in the GL Sales Account field. Click , then select Account No. 40000-AV, Sales – Aviary, as the sales account. Press **<Enter>**.
8. Accept the default for the GL Inventory Acct, Account No. 12000, Inventory, by pressing **<Enter>**.
9. Your cursor is in the GL Cost of Sales Acct field. Select Account No. 50000-AV, Product Cost – Aviary, as the product cost account. Press **<Enter>**.
10. Click  in the Item Tax Type field. Observe that the default, 1, means that this is a regular, taxable item. Press **<Enter>**.

11. Click on the Item Type field. The Item Type is a way of classifying similar inventory items for sorting and printing reports. Select **SUPPLY**. Press **<Enter>**.
12. Your cursor is in the Location field. Select **aisle 1**. Press **<Enter>**.
13. Your cursor is in the Stocking U/M field. Select **Each** and press **<Enter>** two times.
14. Your cursor is in the Minimum Stock field. Type **6** and press **<Enter>**.
15. Your cursor is in the Reorder Quantity field. Type **6** and press **<Enter>**.
16. Select **DEJULIA**, DeJulia Wholesale Suppliers as the Preferred Vendor ID. Leave the Buyer ID field blank. Your Maintain Inventory Items window should agree with the one shown below.

**Maintain Inventory Items**

File Edit Go To Window Help

Close List Save Delete New Note Reports Help

Item ID: AVRY-10300 Inactive  
 Description: Onole Feeder Subject to Commission  
 Item: Stock item Set defaults

**General** Custom Fields History Bill of Materials Item

Description: Onole Feeder  
 for Sales

Price Level 1: 15.00  
 Last Unit Cost: 7.00  
 Cost Method: FIFO

UPC/SKU:

Item Type: SUPPLY  
 Location: AISLE 1  
 Stocking U/M: Each  
 Weight: 0.00

GL Sales Acct: 40000-AV Sales - Aviary  
 GL Inventory Acct: 12000 Inventory  
 GL Cost of Sales Acct: 50000-AV Product Cost - Aviary  
 Item Tax Type: 1

Qty on Hand:	Qty Available:	Minimum Stock:
0.00000	0.00000	6.00
Qty on SOs:	Qty on POs:	Reorder Quantity:
0.00000	0.00000	6.00

Preferred Vendor ID: DEJULIA  
 Buyer ID:  
 Beginning Balances:

When you purchase inventory stock items from a vendor, this is the Purchases Journal entry: debit the Inventory account and credit Accounts Payable/Vendor account. When you sell Inventory stock items on account, a compound Sales Journal entry is recorded.



- Debit Accounts Receivable and Cost of Goods Sales accounts.
- Credit Sales, Sales Tax Payable, and Inventory accounts.

The Maintain Inventory Items window should be displayed.

Observe that you set the following account defaults for this stock item:

GL Sales Acct	40000-AV	Sales - Aviary
GL Inventory Acct	12000	Inventory
GL Cost of Sales Acct	50000-AV	Product Cost - Aviary

You also selected a preferred vendor. The Preferred Vendor ID field should display DEJULIA, which is the Vendor ID for DeJulia Wholesale Suppliers. Bellwether purchases oriole feeders from this vendor.



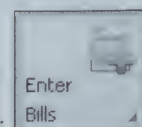
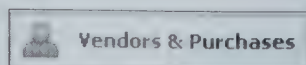
17. Click  then close the Maintain Inventory Items window to return to the Inventory & Services Navigation Center.

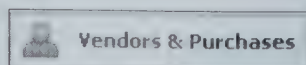
## INVENTORY AND PURCHASES

In the following transaction, journalize and post a purchase of inventory.

<i>Date</i>	<i>Transaction Description</i>
03/17/11	Purchased 6 Oriole feeders from DeJulia Wholesale Suppliers, Invoice No. 55522, at a unit price of \$7, for a total of \$42.

Follow the steps below to record this transaction.



1. From the Navigation Bar, click  New Bill. The Purchases/Receive Inventory window displays. If your GL Account field and A/P Account fields are *not* displayed on the

Purchases/Receive Inventory window, see the instructions on page 16, step 1c, Hide General Ledger Accounts area.

2. In the Vendor ID field, type **DEJULIA** and press **<Enter>** (or use the lookup icon to find DeJulia Wholesale Suppliers).
3. Type or select **17** as the date.
4. In the Invoice No. field, type **55522** and press **<Enter>**. This is a required field.
5. If necessary, click on the Apply to Purchases tab.
6. Click on the Quantity field. Type **6** and press **<Enter>**.
7. Your cursor is in the Item field. Type or select the code you just created, **AVRY-10300** and press **<Enter>** three times. The description and the GL Account automatically default to the information you assigned in the Maintain Inventory Items window. Compare your Purchases/Receivable Inventory window to the one shown below

**Purchases/Receive Inventory**

File Edit Go To Window Help

Vendor ID: **DEJULIA**

Remit to: DeJulia Wholesale Suppliers  
4800 Peachtree Ind. Blvd.  
Duluth, GA 30092 USA

Ship to: Bellwether Garden Supply  
1505 Pavilion Place  
Norcross, GA 30093-3203  
USA

Date: **Mar 17, 2011**

Invoice No.: **55522**

☐ Drop ship  
☐ Waiting on bill

Customer SO No. Customer Invoice No. Terms Ship via A/P account

Apply to Purchase Order: 0.00 **Apply to Purchases: 42.00**

Quantity	Item	Description	GL Account	Unit Price	Amount	Job
6.00	AVRY-10300	Oriole Feeder	12600		42.00	

Other payments and credits: 0.00 **42.00 Invoice total**

Amount paid at purchase: 0.00 **42.00 Net due**

Vendor balance on Mar 17, 2011 **5,281.25**

8. To see how this inventory purchase is journalized, click **Journal**. The Accounting Behind the Screens, Purchases Journal appears: Account No. 12000, Inventory, is debited for 42.00; Account No. 20000, Accounts Payable is credited for 42.00. The vendor, DeJulia Wholesale Suppliers is also credited. The entry to the vendor is shown in the Vendor Ledgers.

Accounting Behind the Screens

Cancel

OK

Help


Date: Mar 17, 2011

Invoice #: 55522

Purchases Journal

Account No.	Description	Debit	Credit
2000	Oriole Feeder		
2000	Accounts Payable		42.00
Totals			

9. Click  to return to the Purchases/Receive Inventory window.


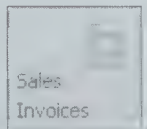
10. Click  to post this purchase. Close the Purchases/Receive Inventory window.

## INVENTORY AND SALES


When a stock item is sold, PCA updates Accounts Receivable and computes the Cost of Goods Sold (product cost), using one of three costing methods. In the General Ledger, a single entry encompassing all sales in the current period is made to the Product Cost account. This entry is dated the last day of the accounting period.

Henton Park Apartments wants three Oriole feeders. The following steps show you how to invoice Henton Park Apartments for three Oriole feeders.

<i>Date</i>	<i>Transaction Description</i>
03/17/11	Sold three Oriole feeders on account to Henton Park Apartments for \$15 each plus sales tax.

1. From the Navigation Bar, click  **Customers & Sales**,  **Sales Invoices**.

If the GL Account field and A/R Account field are *not* displayed, refer to the instructions on page 16 step 1c, Hide General Ledger Accounts area.

2. In the Customer ID field, click  and select **HENTON, Henton Park Apartments**.
3. Type or select **17** as the date. Do not complete the Invoice No. field.
4. If necessary, click on the Apply to Sales tab.
5. Click on the Quantity field. Type **3** and press **<Enter>**.
6. The cursor is in the Item field. Type **AVRY-10300** and press **<Enter>** five times.

PCA computes the amount based on the quantity times the sales price that was established when setting up the inventory item. All the other lines for this invoice are automatically completed based on the inventory item information.

Compare your Sales/Invoicing window to the one shown on the next page.



Customer ID: HENTON

Bill to: Henton Park Apartments  
15560 Harrison Road  
Atlanta, GA 30344

Ship to: Jacob Henton

Clear ≥ Henton Park Apartments  
15560 Harrison Road  
Atlanta GA 30344

Customer PO Ship via Ship date


Apply to Sales Order: 0.00 Apply to Sales: 45.00

Quantity	Item	Description	Job
1		Oriole Feeder	45.00


Apply tickets/expenses

Customer Account as of Mar 17, 2011  
Balance: 5,882.36  
Credit limit: 50,000.00  
Credit status: Notify Over Limit

Other applied credits: 0.00 48.15 Invoice total  
Amount paid at sale 48.15 Net due

7. Click  to see how Peachtree journalizes this entry in the Sales Journal. Scroll down the Accounting Behind the Screens, Sales Journal window, to see the entire entry. Observe that in a perpetual inventory system (Peachtree's default) the cost of sales accounts (50000-AV, Product Cost-Aviary; and 12000, Inventory) are "To be calculated." Once the sales invoice is posted, the cost of sales

amounts will be calculated. Click  to close the Accounting Behind the Screens window to return to the Sales/Invoicing window.

8. Click  to post this sales invoice. Close the Sales/Invoicing window to return to the Customer & Sales Navigation Center.

Let's review the last two sections: Inventory and Purchases and Inventory and Sales. When Bellwether purchased six Oriole Feeders (an inventory stock item) on pages 190-192, the entry is recorded in the Purchase Journal. The accounts debited are shown on the next page.

Account #	Account Description	Debit	Credit
12000/ AVRY-10300	Inventory	42.00	
20000/ DEJULIA	Accounts Payable/DeJulia Wholesale Suppliers		42.00

When three Oriole Feeders were sold on pages 192-194, the entry in the Sales Journal was:

Account #	Account Description	Debit	Credit
11000/ HENTON	Accts. Rec./Henton Park Apartments	48.15	
40000-AV	Sales-Aviary		45.00
23100	Sales Tax Payable		3.15
50000-AV	Product Cost-Aviary	21.00	
12000	Inventory		21.00

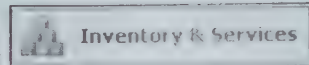
When three Oriole feeders were sold, they were sold for \$15 each, plus sales tax. The total sale to Henton Park Apartments is \$45 plus sales tax of \$3.15, for a total of \$48.15. When Bellwether Garden Supply bought the Oriole Feeders from the vendor (DeJulia Wholesale Suppliers), they paid \$7 each. The second journal entry reflects the product cost of the stock items,  $\$7 \times 3 = \$21$ .

The journal entries shown above are examples of how purchases and sales are recorded in a perpetual inventory system.

## INVENTORY ADJUSTMENTS

It may become necessary to adjust the amount of Inventory Items due to faulty records, pilferage, spoilage, or inventory changes. You use the Inventory Adjustment Journal to make inventory adjustment entries.

In the example that follows, one of Bellwether's employees dropped two bird house kits which damaged them beyond repair. Follow the steps on the next page to adjust inventory for this loss.



1. From the Navigation Bar, click . The Inventory Adjustments window appears.
2. Type **AVRY-10100** (for Bird House Kit) in the Item ID field and the press **<Enter>** key six times. Your cursor is in the Aadjust quantity by.
3. Type **-2** in the Aadjust quantity by field to decrease the current inventory by two. Press the **<Enter>** key. The New Quantity field shows that you have 28.00 bird house kits.
4. Type **Damaged** as the Reason to Adjust.



5. Click to post this adjustment, then close the Inventory Adjustments window.

Adjustments to inventory, like the one just made, only affect the average cost of the item. For example, let's say you purchased two bird house kits at \$30 each and then damaged one. For accounting purposes you now have one bird house kit that costs \$30.

## SECURITY AND INTERNAL CONTROL

**Internal control** is an integrated system of people, processes, and procedures that minimize or eliminate business risks, protect assets, facilitate reliable accounting, and promote efficient operations. If changes are made to company records, Peachtree's **audit trail** provides documentation. An audit trail records all entries and changes related to the company's data, including actions by specific users.

Peachtree has several methods to track information. For example, a combination of the general ledger, journals, reports, and financial statements can be used to trace transactions and balances. If you want to track when an action is performed, Peachtree's audit trail provides this information. The audit trail provides accountability of users, deters users from fraudulent activity or mistakes, and tracks transaction history. Four internal control methods are built into the software:

- Setting up user names, passwords, and access rights.
- The ability to associate the user currently logged into the Peachtree company with the data that is being entered.
- Limit access to information in Peachtree's Navigation Centers.
- Audit Trail reports that show what each user entered.

In order to get the most use out of the audit trail feature, user records need to be set up. If User Security is set up, Peachtree can associate the user currently logged into the company with the data being entered. For example, USER1 adds a customer record. USER2 then logs on and modifies the customer record. The Audit Trail report will show that USER2 was the last person who worked with the customer record, and it will display what was changed.

By limiting access to accounting data, Peachtree's user security feature addresses an important purpose of internal control. For example, assigning users to one Navigation Center increases the accuracy of records and reports. Also, since one user assumes responsibility for repetitive tasks, the efficiency of operations increases. User security reduces the business's risk of users changing or deleting data inappropriately which also safeguards accounting data. User security establishes accountability and allows the company to track who has performed various maintenance and recording tasks.



## **User Security and Access to the Peachtree Navigation Centers**

If you are an administrator responsible for setting up and maintaining user access to Peachtree, you can choose settings that will limit access to information in Peachtree's Navigation Centers. For example, if you want a user to have limited access to company revenue information, you could make sure the user has no access to the general ledger master list and transaction list reports or financial statements. However, you might want that same user to be able to view company budgets but not change them in any way.

When you set up Peachtree security, you can fine-tune settings to give users exactly the kind of access you want them to have. The Selected AccessRole Setup window has embedded Help for each security setting; just select a setting to see Help about it. This will aid you in deciding which areas users could have access to and which areas they don't.

### **Selected Access**

The Selected Access window allows the administrator to grant rights to work in certain areas of the Peachtree program within the current company. Peachtree program areas include the following roles:

- Customers & Sales
- Vendors & Purchases
- Inventory & Services
- Employees & Payroll
- Banking & General Ledger
- Company

In addition to full or no access, the administrator can set different levels of access within subareas such as maintenance, tasks, and reports. For example, in the Customers & Sales area, the administrator could choose to give a user limited access to Customer Information or Customer Beginning Balances. Drop-down lists let the administrator set different access levels for different subareas of the program; for example, Payments; Write Checks.

## User Security

Peachtree allows custom access for different individuals. If you want to take advantage of this security feature, you set up user rights for each person who will be using Peachtree. When set up, each user is issued a user name and password that will be required before opening and working with company data.


Once user names and passwords are set up, Peachtree prompts each user for a user name and password whenever he or she opens a company. As long as users properly enter their passwords, they can access the areas of the program to which they have rights.

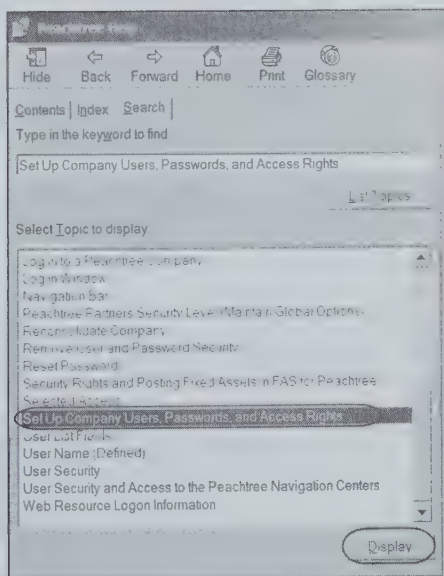
## Setting Up Company Users, Passwords, and Access Rights

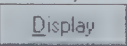
In order to have data security and password protection, you need to set up user records. When user names and passwords are set up, Peachtree prompts you for a user name and password when you open a company. This is a two-step process:

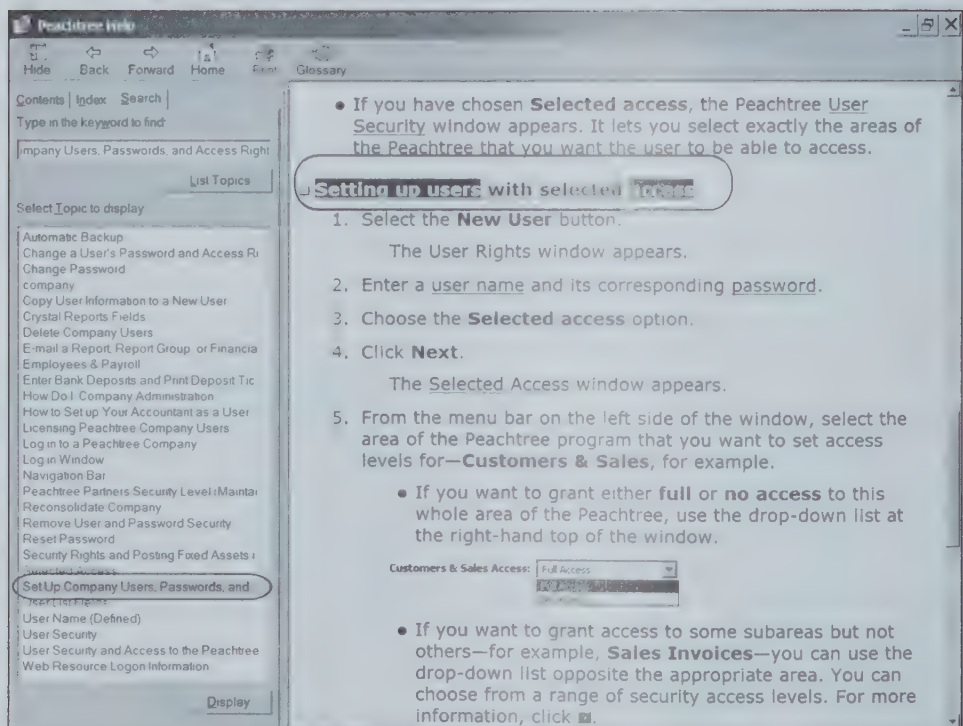
- Set up the company administrator.
- Set up individual users.

The steps below are for example purposes only. Check with your instructor to see if he or she would like you to set up user access. *Remember, if you set up a user name and password you have to use it each time you start Peachtree.* To learn about setting up company users, passwords, and access rights, go to the following Help windows.

1. From Peachtree's menu bar select, Help; Peachtree Accounting Help. Select the Search tab.
2. Type **Set Up Company Users, Passwords, and Access Rights** in the Type in the keyword to find.
3. Click .




4. Scroll down the topics list select Set Up Company Users, Passwords, and Access Rights to highlight it.
5. Click . The Set Up Company Users, Passwords, and Access Rights window appears. Enlarge the window. In the right pane, link to Setting up the first user (administrator).
6. Link to Setting up additional company users. Read the information.
7. Link to Setting up users with selected access.
8. Read the information on this window. This Help window explains how to set up users, passwords and access rights.
9. Check with your instructor to see if he or she would like you do this.

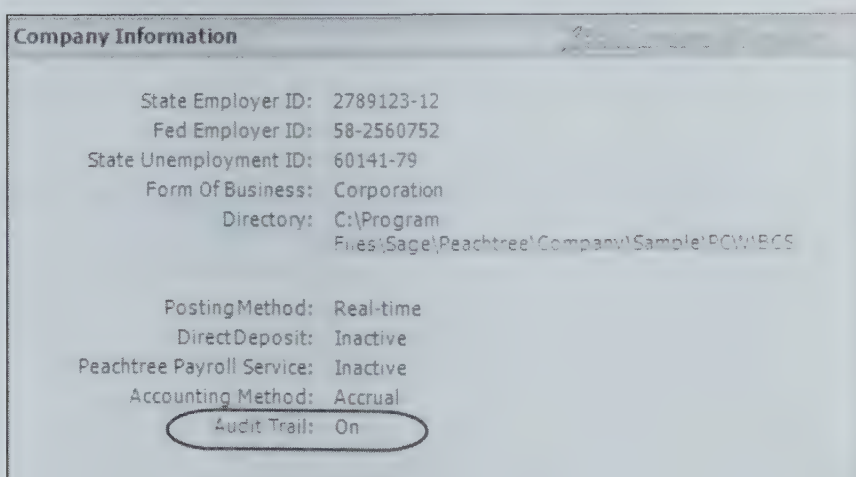


10. Click  on the Peachtree Help title bar to close.

## Audit Trail Report

The Audit Trail report can trace fraudulent activity and other accounting adjustments you may not know were completed. Peachtree's default is to set the Audit Trail On. To see that, follow the steps shown below.

1. From the Navigation Bar, click  **Company**. The Company Information area shows that the Audit Trail is on. Compare your company information with the illustration below.



State Employer ID:	2789123-12
Fed Employer ID:	58-2560752
State Unemployment ID:	60141-79
Form Of Business:	Corporation
Directory:	C:\Program Files\Sage\Peachtree\Company\Sample\PCW\BCS
Posting Method:	Real-time
Direct Deposit:	Inactive
Peachtree Payroll Service:	Inactive
Accounting Method:	Accrual
Audit Trail:	On

The audit trail feature records the following items with each activity performed while operating in the Peachtree company:

2. Date: System (computer) date of action.
3. Time: System (computer) time of action.
4. User Name: User Name (if available); otherwise, Peachtree displays "Not Available."
5. Action: Add, Change, or Delete.
6. Window Name (or System Function): Name of window where action occurred (for example, Sales Orders) or name of system function implemented (for example, Unpost).
7. Transaction ID: For maintenance records, the ID associated with the record; for tasks, the ID associated with the transaction after change.



8. Transaction Reference: Reference number associated with the transaction after change.
9. Amount: Amount of transaction after change.
10. All the above items are recorded in the Audit Trail report.

Peachtree's audit trail tracks the following:

### 1. Records and Transactions

Records include customers, vendors, employees, inventory items, etc. Transactions include quotes, sales orders, invoices, payments, general journal entries, inventory adjustments, etc.

These include:

- adding records or transactions (when Save is selected).
- editing records or transactions (when Save is selected).
- deleting records or transactions (when Delete is selected).
- entering or maintaining record beginning balances (when OK or Save is selected).
- voiding checks and paychecks.
- making payments in Cash Manager and Payment Manager.

### 2. Miscellaneous Actions

- reconciling accounts.
- maintaining company information and options.
- maintaining and loading user-maintained and Peachtree-maintained payroll tax tables.
- importing data into the company.
- adding transactions using Dynamic Data Exchange (DDE).

### 3. System Functions


- posting and unposting journals (Batch mode only).
- closing the fiscal year.
- closing the payroll tax year.
- backing up company data.

## Displaying the Audit Trail Report & Find Transactions Report

Follow these steps to print an Audit Trail Report.


1. From the menu bar, select Reports & Forms; Company. The Select a Report or Form window appears. The Audit Trail Report is the default.



2. Click .
3. In the Date field, select Range.
4. Type **1/1/2006** in the From field. Press <Tab>.
5. Type **12/31/2011** in the To field. Press <Tab>.

**IMPORTANT:** If the current date is *after* 12/31/2011, in the To field type today's date. The Audit Trail Report shows the dates that you recorded entries.

 A screenshot of a software window titled "Modify Report - Audit Trail Report". The window has a tabbed interface with "Dates" selected. It contains fields for "Date: Range", "From: Jan 1, 2006", and "To: Dec 31, 2011". There is a "Sorting and Summary" section with a dropdown set to "Date/Time". On the right, there are checkboxes for "Options", "Columns", and "Fonts". A callout box points to the "To" field with the text "Your To date may differ."

6. Click . The Audit Trail Report for the period from Jan 1, 2006 to Dec. 31, 2011 (*or, today's date*) appears. Observe that each transaction shows the Date; Time; User Name, Action, Window/Description, Transaction ID, Transaction Reference, and Amount. If users had been set up the User Name column would show that. Scroll down to see the whole report. A partial report is shown on the next page.

Observe that the work completed in Chapters 1-5 is shown on the Audit Trail Report; for example, the employees added in Chapter 1 (CYACHT, or your name, and JWOODS); the vendor added (Maintain Vendors), purchases (Purchases/Receive Inventory), and payments for PERKINSOFC in Chapter 2. Scroll down the Audit Trail Report to see both pages.

The Audit Trail Report provides a listing of the changes made to the maintenance items and transactions. Depending on when you made

additions and changes, your time and date column will differ. The Audit Trail Report shows when the author made changes.

A partial Audit Trail Report is shown below. If you are working *after* December 31, 2011, your Audit Trail Report will show a different ending date.

Filter criteria includes: 1) All Actions							
Date	Time	User Name	Action	Window Description	Transaction ID	Transaction Reference	Amount
11/11/11	11:01 A	Not Available	Change	Receipts	CHAPPEL		40.25
11/11/11	5:35 PM	Not Available	Change	Receipts	CUMMINGS		428.89
11/11/11	5:37 PM	Not Available	Change	Backup Company Data Files	CANNON		
11/11/11	2:20 PM	Not Available	Change	Maintain Company	BCS	Garden Suppl	
11/11/11	2:38 PM	Not Available	Change	Backup Company Data Files			
11/11/11	3:22 PM	Not Available	Change	Maintain Company	GCS	Garden Suppl	
11/11/11	3:23 PM	Not Available	Change	Maintain Company	GCS	Garden Suppl	
11/11/11	3:24 PM	Not Available	Change	Backup Company Data Files			
11/11/11	12:45 P	Not Available	Add	Maintain Employees & Sales	CYACHT		
11/11/11	12:52 P	Not Available	Change	Backup Company Data Files			
11/11/11	12:53 P	Not Available	Change	Backup Company Data Files			
11/11/11	1:41 PM	Not Available	Add	Maintain Employees & Sales	JWOODS		
11/11/11	1:43 PM	Not Available	Change	Backup Company Data Files			
11/11/11	1:44 PM	Not Available	Change	Backup Company Data Files			
11/11/11	1:08 PM	Not Available	Change	Maintain Employees & Sales	JWOODS		
11/11/11	1:09 PM	Not Available	Change	Backup Company Data Files			
11/11/11	1:10 PM	Not Available	Change	Backup Company Data Files			
11/11/11	12:50 P	Not Available	Add	Purchase Orders	ABNEY		5,834.00
11/11/11	1:34 PM	Not Available	Add	Maintain Vendors	ANDERSON		
11/11/11	1:43 PM	Not Available	Add	Purchases Receive Inventory	ANDERSON		45.00
11/11/11	1:52 PM	Not Available	Add	Payments	ANDERSON		44.10
11/11/11	2:20 PM	Not Available	Change	Backup Company Data Files			
11/11/11	2:21 PM	Not Available	Change	Backup Company Data Files			
11/11/11	9:55 AM	Not Available	Add	Maintain Vendors	PRINCE OF		
11/11/11	10:38 A	Not Available	Add	Purchases Receive Inventory	PRINCE OF		64.00
11/11/11	10:48 A	Not Available	Add	Payments	PRINCE OF		64.00

7. Close the Audit Trail Report. Then, display the Find Transactions Report from 3/15/11 to 3/15/11 (the default).

The Find Transactions Report provides a way to easily search for Peachtree Transactions. You can drill down to the original entry from each transaction.

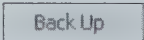
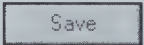

A partial Find Transactions Report is shown on the next page.

Bellwether Garden Supply					
Find Transactions Report					
For the Period From Mar 15, 2011 to Mar 15, 2011					
Filter Criteria includes: 1) All Transaction Types. Report order is by Date					
Date	Type	Reference	ID	Name	Amount
3/15/11	Credit Memo		ARCHER	Archer Scapes and Ponds	-49.99
3/15/11	Credit Memo		SAIA	Sain's Neighborhood Nursery	-49.99
3/15/11	General Journal Entry	ADJ0303103			0.11
3/15/11	General Journal Entry	Transfer			5,500.00
3/15/11	Inventory Adjustment		AVRY-10100	Bird House Kit	-2.00
3/15/11	Inventory Adjustment		AVRY-10050-LG-	Prefabricated Burdhouse	4.00
3/15/11	Inventory Adjustment		AVRY-10050-SM-	Prefabricated Burdhouse	8.00
3/15/11	Inventory Adjustment		AVRY-10050-SM-	Prefabricated Burdhouse	8.00
3/15/11	Inventory Adjustment		AVRY-10050-SM-	Prefabricated Burdhouse	6.00
3/15/11	Inventory Adjustment		AVRY-10050-SM-	Prefabricated Burdhouse	4.00
3/15/11	Payment		ABNEY	Abney and Son Contractors	50.00

- Close the Find Transactions report. If necessary, close the Select a Report or Form window.

## BACKING UP CHAPTER 5 DATA

Follow these steps to back up Chapter 5 data:

- From Company Navigation Center, link to Back up.
- Click .
- Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 5** in the File name field.
- Click .
- When the window prompts that This company backup will require approximately 9.87MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 5. You are returned to the menu bar.



6. Click File, Exit to exit Peachtree, or continue with the next section.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 5. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 1 Internet Activities for Chapter 1-8. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	If necessary, scroll down the window to the Internet Activity labeled ASK.COM – Chapter 5. Read steps 1-4.
5.	Follow the steps shown on the textbook's website to complete this Internet activity.
6.	Use a word processing program to answer the questions in steps 1-4.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, pages 206-207.
2. Multiple-choice questions, pages 207-209
3. Exercises 5-1 and 5-2, page 210.
4. Assessment rubric, page 211.
5. Analysis question, page 211.
6. Chapter 5 Index, page 212.

## GOING TO THE NET

Access website <http://smallbusiness.yahoo.com/r-article-a-41095-m-1-sc-12-ten-tips-for-new-small-businesses-i>. Read the Ten Tips for New Small Businesses article. (*Hint: If this article is no longer available, link to another area from Yahoo's small business page and write a brief essay—no more than 125 words—describing the link.*) Going to the Net website links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 5.

1. List the 10 tips for starting a new business.
2. Link to one additional site from this page.

**Multiple Choice Questions:** In the space provided, write the letter that best answers each question.

- \_\_\_\_\_ 1. The inventory system used by PCA is called:
- a. Sum-of-the-years digits.
  - b. Double-declining balance.
  - c. Straight-line.
  - d. Perpetual inventory.
  - e. None of the above.
- \_\_\_\_\_ 2. A list of all the accounts used by a company showing an identifying number assigned to each account is called:
- a. A chart of accounts.
  - b. Case-sensitive letters.
  - c. An account number.
  - d. A general ledger.
  - e. None of the above.
- \_\_\_\_\_ 3. The account(s) added to Bellwether's Chart of Accounts in this chapter is:
- a. Account No. 10200, Regular Checking Account.
  - b. Account No. 12000, Inventory.
  - c. Account No. 10500, Money Market Fund.
  - d. a. and c.
  - e. All of the above.
- \_\_\_\_\_ 4. After the March 15, 2011 transfer of funds, the General Ledger Trial Balance shows the following amount in the Money Market Fund account:
- a. \$ 4,500.00.
  - b. \$ 4,747.16.
  - c. \$37,500.00.
  - d. \$ 5,394.74.
  - e. None of the above.

- \_\_\_\_ 5. In the Maintain Inventory Items window, the default in the Item Class list is:
- a. Labor.
  - b. Description only.
  - c. Non stock.
  - d. Stock item.
  - e. None of the above.
- \_\_\_\_ 6. For Stock-Type Inventory Items, PCA tracks the following:
- a. Stock quantities.
  - b. Unit prices.
  - c. Descriptions.
  - d. Cost of goods sold.
  - e. All of the above.
- \_\_\_\_ 7. The journal entry to purchase an inventory stock item is:
- a. Debit Accounts Payable/Vendor  
Credit Inventory
  - b. Debit Inventory  
Credit Accounts Payable/Vendor
  - c. Debit Account Receivable/Customer  
Credit Sales Tax Payable
  - d. Debit Product Cost  
Credit Inventory
  - e. None of the above.

- 
- \_\_\_\_ 8. The journal entry or entries for the sale of an Inventory Item are:
- a. Debit Accounts Receivable/Customer  
Credit Sales
  - b. Debit Accounts Receivable/Customer  
Credit Sales  
Credit Sales Tax Payable  
Debit Product Cost  
Credit Inventory
  - c. Debit Sales-Retail  
Debit Sales Tax Payable  
Credit Accounts Receivable/Customer  
Debit Product Cost  
Credit Inventory
  - d. Debit Inventory  
Credit Product Cost
  - e. None of the above.
- \_\_\_\_ 9. Shows all entries and changes related to the company's data, including actions by specific users.
- a. Find transactions.
  - b. Report groups.
  - c. Audit trail.
  - d. Internal control.
  - e. All of the above.
- \_\_\_\_ 10. The integrated system of people, processes, and procedures that minimize or eliminate business risks, protect assets, ensure reliable accounting, and promote efficient operation is called:
- a. Peachtree's find transactions capability.
  - b. Peachtree's audit trail reports.
  - c. Internal control.
  - d. Setting up the administrator for access to all records.
  - e. None of the above.



**Exercise 5-1:** Follow the instructions below to complete Exercise 5-1.

1. Start PCA. Open Bellwether Garden Supply.
2. Restore data from the end of Chapter 5. This back up was made on pages 205-206.
3. Journalize and post the following transactions:

<i>Date</i>	<i>Transaction Description</i>
03/18/11	Transfer \$1,200 from the Regular Checking Account to the Payroll Checking Account.
03/19/11	Purchased two (2) Oriole Feeders from DeJulia Wholesale Suppliers, Invoice No. 94977, \$14.

4. Continue with Exercise 5-2.

**Exercise 5-2:** Follow the instructions below to complete Exercise 5-2.

1. Print the General Ledger Trial Balance.
2. Back up Exercise 5-2. Use **Exercise 5-2** as the file name.
3. Export the General Ledger Trial Balance to Excel. Use **Exercise 5-2\_General Ledger Trial Balance.xlsx** as the file name.

**Check your figures:**

Account No. 10200, Regular Checking Account	\$9,046.52
Account No. 10300, Payroll Checking Account	10,565.26
Account No. 11000, Accounts Receivable	175,643.11
Account No. 20000, Accounts Payable	80,682.01

4. Exit Peachtree.

**ASSESSMENT RUBRIC**

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 5, Assessment Rubric link. To review Peachtree's journals, navigation centers, modules, and task windows, complete the blank fields online.

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
3/18	Transfer \$1,200 from the Regular Checking Account to the Payroll Checking Account.			
3/19	Purchased two (2) Oriole Feeders from DeJulia Wholesale Suppliers, Invoice No. 94977, \$14.			

**ANALYSIS QUESTIONS**

1. List four ways that Peachtree includes user security and internal control.
2. How is the audit trail associated with user security? Provide an example.
3. How does user security address the purpose of internal control?

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**CHAPTER 5 INDEX**

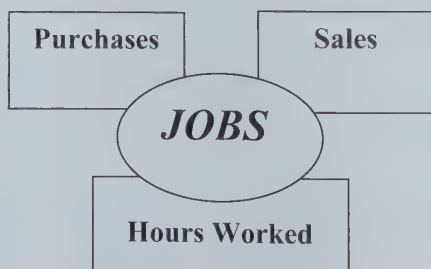
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**LEARNING OBJECTIVES**

1. Restore data from Exercise 5-2. (This backup was made on page 210.)
2. Learn about PCA's Job Cost system.
3. Set up a job.
4. Coordinate job costs with purchases, sales, and payroll.
5. Display the Job Profitability Report.
6. Complete the Internet Activity online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
7. Export the Job Profitability Report to Excel.
8. Make two backups and save one Excel file.

This chapter shows how to use PCA's Job Cost system. In Peachtree, you can assign Job ID codes to purchases, sales, and employee hours. In this way, Peachtree tracks how each of these factors impacts job costs. The diagram below illustrates how job costing works with purchases, sales, and payroll.



Peachtree's **job costing** feature allows you to track the costs incurred while performing a job. To use job costing, identify the project for which you want to track expenses and income and then determine how much detail is needed.



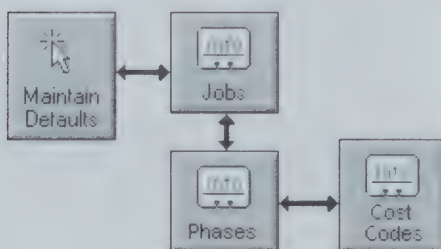
There are several advantages to using job costing:

- It allows you to track income and expenses for each project the company undertakes. You can create estimates for each job. As you enter invoices for materials or services used in the job through accounts payable, they can be assigned to a job so actual costs can be compared with job estimates.
- You can exercise greater control over costs and revenues by tracking customer invoices and payments received for each job. You can print reports during a job's progress to find out the total amount spent and net revenues due for each job.
- You can also maintain statistics on various jobs including starting date, completion date, and the progress of each job and view these by printing various job-costing reports.
- If phases or cost codes are used, you can generate reports to display this information, showing whether a job is over or under budget for any phase or task involved. This helps control costs by adjusting one phase or task prior to the job's completion.

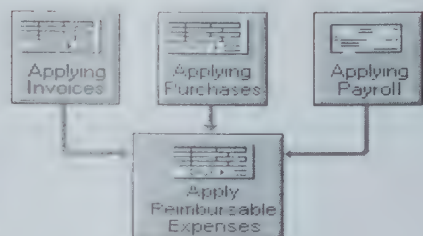
Job costing gives you greater insight into all the company's jobs or projects so that you know what you are spending, how long it is taking, and how much profit was made on each job.

The diagram below shows how Peachtree organizes job costing.

### 1) Setup



### 2) Tasks



### 3) Reporting


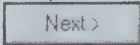
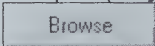

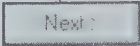
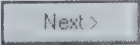




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## GETTING STARTED


Bellwether Garden Supply has a customer named Franklin Botanical Gardens. Once a Job ID is set up for Franklin Botanical Gardens, you can track supplies and employee hours charged to this customer.

1. Start PCA. Open Bellwether Garden Supply. (If Bellwether Garden Supply is not shown, restore A New Company. Refer to the Read me box on page 29.)
2. Restore your data from the Exercise 5-2.

- a. From the Navigation Bar, select ; link to Restore. (The Exercise 5-2 backup file was made page 210.)
- b. The Select Backup File window appears. If the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS\Exercise 5-2.ptb (or your default location), click . (Or, click , then select the appropriate location of the Exercise 5-2 backup file; click .)
- c. The Select Company window appears. The radio button next to An Existing Company is selected. The Company name field shows Bellwether Garden Supply; the Location field shows C:\Sage\Peachtree\Company\Sample\PCW\BCS (or the appropriate location on your computer). Click .
- d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
- e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored and you are returned to the menu bar. If necessary, remove external media.

-  To make sure you are starting in the appropriate place in the data (Exercise 5-2.ptb backup) check the General Ledger Trial Balance. A partial trial balance showing cash account balances is shown below. The General Ledger Trial Balance was completed in Exercise 5-2, step 1, page 210.

Bellwether Garden Supply General Ledger Trial Balance As of Mar 31, 2011			
Filter Criteria includes: Report order is by ID Report is printed in Detail Format			
Account I	Account Description	Debit Amt	Credit Am
10000	Petty Cash	327	
10100	Cash on Hand	1,850.45	
10200	Regular Checking Account	9,046.52	
10300	Payroll Checking Account	10,565.21	
10400	Savings Account	7,500.00	
10500	Money Market Fund	4,500.00	

3. From the Navigation Bar, select  **Customers & Sales**



-  New Job. The Maintain Jobs window appears.

- In the Job ID field, type **FRANKLIN** and press **<Enter>**. (Hint: Peachtree is case sensitive: *FRANKLIN* is not the same as *franklin*.)
- In the Description field, type **Franklin Botanical Gardens** and press **<Enter>** two times.
- Type **3/3/11** in the Start Date field. Press **<Enter>** four times (or, click on the For Customer field).
- Your cursor is in the For Customer field. Select **FRANKLIN**.
- Click on the Job Type field. Select **LAND**. Compare your Maintain Jobs window to the one shown on the next page.

**Maintain Jobs**

File Edit Go To Window Help

Close New List Save Save & New Delete Change ID Reports Attachments

\*Job ID: FRANKLIN Start Date: [Date] Inactive

Description: Franklin Botanical Gardens Projected End Date: [Date]

☐ Use phrases to track job in more detail Actual End Date: [Date]

Job Status: In Progress

Job Type: Landed

PD Number: [Text]

Percent Complete: 0.00

Job Beginning Balances

General | Estimated Expenses & Revenue | Notes

Supervisor: [Text]

For Customer: FRANKLIN

Job Address: [Text]

City, ST, Zip: [Text]

Country: [Text]

Customizable Fields

1. Second Contact	4. Site Address
2. Spec Instruction	5. Work Phone #
3. Site Phone #	

9. Save this job, then close the Maintain Jobs window to return to the Customers & Sales Navigation Center.

## JOB COSTING AND PURCHASING: Purchasing Inventory Items for Jobs

This new job has some special circumstances; namely, Franklin Botanical Gardens has a new building overlooking a park. In the park, there are several picnic tables. According to the terms of the contract with Franklin Botanical Gardens, Bellwether Garden Supply purchases and provides a special wood treatment to the picnic benches.

When inventory items are purchased for jobs, you need to do the following:

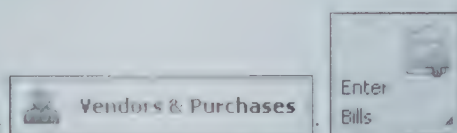
- Record the purchase directly as a job expense. You could indicate a Non-stock or a Description only Inventory Item but not a Stock Item.



- Record the purchase into Inventory without entering a Job. When you bill the customer, enter the Item and the Job. The system posts the price as Job revenue and the Cost of Goods Sold as Job Expense.

Let's see how this works.

<i>Date</i>	<i>Transaction Description</i>
3/20/11	Invoice No. AND501 was received from Anderson's Landscaping for the purchase of special wood treatment, \$85; terms 2% 10, Net 30 Days. Apply this purchase to the Franklin Botanical Gardens job.



1. From the Navigation Bar, select **New Bill**. The Purchases/Receive Inventory window displays.
2. Type or select **AND** (Anderson's Landscaping) for the Vendor ID.
3. Select or type **20** in the Date field. Press **<Enter>**.
4. Type **AND501** for the Invoice No. (This is a *required* field.) Press **<Enter>**.
5. The Apply to Purchases tab is selected. Type **1** in the Quantity field and press **<Enter>** two times.
6. In the Description field, type **Special wood treatment for picnic tables** and press **<Enter>** two times.
7. Account No. 57200, Materials Cost, is the default account displayed in the GL Account field. Your cursor is in the Unit Price field. Type **85** and press **<Enter>** two times.
8. Type or select **FRANKLIN**, the new Job, in the Job field.

**Purchases/Receive Inventory**

File Edit Go To Window Help

Close New List Save Delete Recd Row Note Journal Event Layout Reports Window Help

Vendor ID: ANDERSON

Remit to: Anderson's Landscaping

Ship to:

Bellwether Garden Supply  
1505 Pavilion Place  
Norcross GA 30093-3203  
USA

Invoice To: Anderson's Landscaping

Customer SO No. Customer invoice No. Terms Ship to

Apply to Purchases: 85.00


Quantity	Item	Description	GL Account	Unit Price	Amount
1.00		Special wood treatment for picnic tables	57200	85.00	85.00
0.00					

Other payments and credits:

Amount paid at purchase: 85.00

Vendor balance on Mar 20, 2011 0.00




If your GL Account field and A/P Account field are *not* displayed on the Purchases/Receive Inventory window, see the instructions on page 16, step 1c, Hide General Ledger Accounts area.

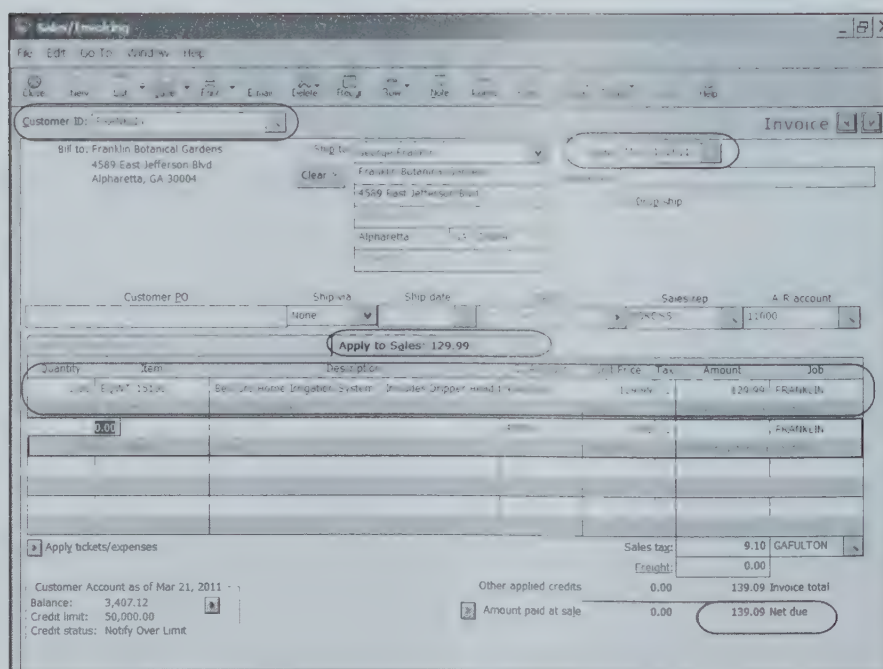
9. Click  to post this purchase. Close the Purchases/Receive Inventory window to return to the Vendors & Purchases Navigation Center.

## JOB COSTING AND SALES

Follow these steps to invoice Franklin Botanical Gardens for a drip irrigation system and apply this sale to Franklin Botanical Gardens, Job ID, FRANKLIN.

Date	Transaction Description
3/21/11	Bellwether Garden Supply sold one Bell-Gro Home Irrigation System, Item No. EQWT-15100, to Franklin Botanical Gardens on account, \$129.99, plus \$9.10 sales tax, total \$139.09; terms 2% 10, Net 30 Days.

1. Select  **Customers & Sales**,  **Sales Invoices**, New Sales Invoice. The Sales/Invoicing window displays.
2. In the Customer ID field, click  and select Franklin Botanical Gardens as the Customer. Then, press the **<Enter>** key.
3. Select or type **21** in the Date field.
4. If necessary, click on the Apply to Sales tab.
5. Click on the Quantity field, type **1** and press **<Enter>**.
6. In the Item field, type **EQWT-15100** (Drip Irrigation System).
7. Press **<Enter>** until you are in the Job field. (You are accepting all of the displayed information when you do this.)
8. Type or select **FRANKLIN**, the Job ID for Franklin Botanical Gardens.



**Sales/Invoicing**

File Edit Go To Window Help

Customer ID: Franklin Botanical Gardens

Bill to: Franklin Botanical Gardens  
4589 East Jefferson Blvd  
Alpharetta, GA 30004

Ship to: Franklin Botanical Gardens  
4589 East Jefferson Blvd  
Alpharetta, GA 30004

Customer PO: none Ship via: none Ship date: Sales rep: SECUS A/R account: 15600

Apply to Sales: 129.99

Quantity	Item	Description	Unit Price	Tax	Amount	Job
1	EQWT-15100	Drip Irrigation System	129.99	9.10	139.09	FRANKLIN

Apply tickets/expenses

Customer Account as of Mar 21, 2011

Balance: 3,407.12

Credit limit: 50,000.00

Credit status: Notify Over Limit

Sales tax: 9.10 GAFULTON

Freight: 0.00


Other applied credits: 0.00

Amount paid at sale: 0.00

139.09 Invoice total


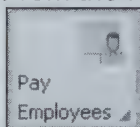


139.09 Net due

If your GL Account field and A/R Account field are *not* displayed on the Sales/Invoicing window, see the instructions on page 16, 1c, Hide General Ledger Accounts area.

9. Click  to post this invoice. Close the Sales/Invoicing window to return to the Customers & Sales Navigation Center.

## JOB COST AND PAYROLL

In the example that follows, one employee applied the special wood treatment to the picnic tables at Franklin Botanical Gardens. The employee spent one hour applying the wood treatment.

1. From the Navigation Bar, select  **Employees & Payroll**;  
, Enter Payroll for One Employee. The Payroll Entry window appears.
2. Click  in the Employee ID field. Select **Alex C. Kornel** and press **<Enter>**.
3. Type **29** as the Date. Press **<Enter>** two times.
4. Type **29** in the Pay Period Ends field.
5. On the icon bar, select the Jobs icon . The Labor Distribution to Jobs window appears.
6. In the Job field, click on the down arrow and FRANKLIN. Press the **<Enter>** key.
7. Type **1** in the Hours field. Press the **<Enter>** key. In the Amount field, 14.00 is shown.





## 3. Scroll down to FRANKLIN.



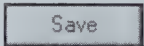

FRANKLIN	40000-EQ	129.99		
	50000-EQ		59.95	
	57200		85.00	
	77500		14.00	
		129.99	158.95	
FRANKLIN	Total	129.99	158.95	-28.96 22.84

The report breaks down each job according to what was spent or earned for each affected general ledger account. It also shows the profit or loss for each job.

4. Close the Job Profitability Report window. Close the Select a Report or Form window to return to the Employees & Payroll Navigation Center.

## BACKING UP CHAPTER 6 DATA

Follow these steps to back up Chapter 6 data:

1. From the Navigation Bar, select  **Company**, link to Back up.
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 6** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 9.89MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 6. You are returned to the menu bar.
6. Click File, Exit to exit Peachtree or continue.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 6. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to <a href="#">Part 1 Internet Activities for Chapter 1-8</a> . Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	If necessary, scroll down the window to ENCYCLOPEDIA OF BUSINESS CASE TERMS – Chapter 6. Read steps 1-3
5.	Use the Business Encyclopedia website to look up words related to accounting.
6.	Follow the steps shown on the book's website to complete this Internet Activity.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, pages 224-225.
2. Short-answer questions, pages 225-227.
3. Exercises 6-1 and 6-2, pages 227-228.
4. Assessment rubric, pages 228-229.
5. Analysis question, page 229.
6. Chapter 6 Index, page 230.

## GOING TO THE NET

Access the Sage website at [www.sage.com](http://www.sage.com). Link to Sage Worldwide. The URL is <http://www.sage.com/ourbusiness/sageworldwide>. Choose your location; for example, select North America (or, other location). Link to the USA. (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 6.)

1. In North America, how many small and medium sized businesses does Sage Software provide business management software to?
2. List Sage Software's brands.

**Short-Answer Questions:** Write a brief answer to each one of the questions.

1. Draw the diagram that shows how the job cost system works with purchases, sales, and payroll.

2. What is the description of the Franklin Botanical Gardens job?

---

---



3. What is the customer ID for Franklin Botanical Gardens?

---

---

4. How much does Franklin Botanical Gardens owe for the one Bel-Gro Home Irrigation System (include the sales tax)?

---

---

5. What is the GL account (name and number) for the purchase of the wood treatment?

---

---

6. What is the name of the report that tells you about Bellwether's jobs?

---

---

7. What is the website address for the Encyclopedia of Business Case Terms?

---

---

8. How many hour(s) did Alex C. Kornel work on the Franklin Botanical Gardens job?

---

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9. Summarize the advantage to using Peachtree's job costing feature.

---

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10. What does the Job Profitability report show?

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**Exercise 6-1:** Follow the instructions below to complete Exercise 6-1.

1. Start PCA. Open Bellwether Garden Supply.
2. Restore data from the end of Chapter 6. This backup was made on page 223.
3. Journalize and post the following transactions:

<i>Date</i>	<i>Transaction Description</i>
03/26/11	Sold two Bel-Gro Impulse Sprinklers (EQWT-15160) to Franklin Botanical Gardens, \$64.18 (includes sales tax); terms 2% 10, Net 30 Days; Job ID Franklin Botanical Gardens.

- 03/26/11 Invoice No. AND967 was received from Anderson's Landscaping for the purchase of one container of special wood treatment for \$85; terms 2% 10, Net 30 Days; Job ID Franklin Botanical Gardens. (Debit Materials Cost.)
- 03/29/11 Amanda W. Chester worked one hour on the Franklin Botanical Gardens job. Apply her paycheck to this job.

4. Continue with Exercise 6-2.

**Exercise 6-2:** Follow the instructions below to complete Exercise 6-2.

1. Print a Job Profitability Report.
2. Back up Exercise 6-2. Use **Exercise 6-2** as the file name.



**Read Me**

This backup is important. If you are using external media; for example, a USB drive, do *not* delete the Exercise 6-2.ptb file. You restore the Exercise 6-2.ptb backup file to complete work in Part 4, Chapters 16, 17, and 18.

3. Export the Job Profitability Report to Excel. Use **Exercise 6-2\_Job Profitability Report.xlsx** as the file name.

**Check Your Figures:** Job Profitability Report, FRANKLIN

Actual Revenue, \$189.97  
Actual Expenses, \$281.85  
Profit dollars, -\$91.88  
Profit percentage, -48.37

**ASSESSMENT RUBRIC**

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 6, Assessment Rubric link. To review Peachtree's journals, navigation centers, modules, and task windows, complete the blank fields online.

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
3/26	Sold two Bel-Grow Impulse Sprinklers (EQWT-15160) to Franklin Botanical Gardens, \$64.18 (includes sales tax); terms 2% 10, Net 30 days; Job ID Franklin Botanical Gardens.			
3/26	Invoice No. AND967 was received from Anderson's Landscaping for the purchase of special wood treatment, \$85; terms 2% 10, Net 30 Days. Apply this purchase to the Franklin Botanical Gardens jobs.			
3/29	Amanda W. Chester worked one hour on the Franklin Botanical Gardens job. Apply her paycheck to this job.			

### ANALYSIS QUESTION

Explain the interrelations of jobs, purchases, sales and payroll.



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## Chapter

# 7

## Financial Statements

---

### LEARNING OBJECTIVES

1. Restore data from Exercise 6-2. This backup was made on page 228.
2. Explore Peachtree's Help feature.
3. Print the financial statements.
4. Use drill down to go from the income statement to the general ledger, then to the original entry window.
5. Export the financial statements to Excel.
6. Complete the Internet Activity online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
7. Make an optional backup of Chapter 7. (The Exercise 6-2.ptb backup, page 228, includes the data needed for Chapter 7.) Save one Excel file.

### FINANCIAL STATEMENTS

In Chapters 1 through 6, you explored the sample company, Bellwether Garden Supply. You learned how PCA's user interface works and how to navigate the software. In Chapters 1 through 6, you also journalized and posted various types of transactions. Beginning with Chapter 9, you learn how to use these features to set up service businesses from scratch.

In Chapter 7, you learn about PCA's financial statements. Once journal entries have been recorded and posted, Peachtree automatically calculates financial statements. Since business managers and owners have the primary responsibility for the organization, they depend on accounting information in the form of financial statements to understand what is happening.

All the financial statements printed by PCA reflect the current month and year-to-date amounts.

In this chapter, six financial statements are printed.

1. Balance Sheet.
2. Gross Profit by Departments.
3. Income Statement.
4. Statement of Cash Flow.
5. Statement of Retained Earnings.
6. Statement of Changes in Financial Position (SCFP). Even though the Financial Accounting Standard Board does not require a SCFP, Peachtree includes it. (Refer to Read Me on p. 247.)

### **Balance Sheet**


A balance sheet is a list of assets, liabilities, and capital of a business entity as of a specific date, such as the last day of an accounting period or the last day of the year.

Each financial statement may be modified to fit your needs. PCA includes a Design icon for that purpose. Later in this chapter, you learn about how to use PCA's Help feature to design financial statements. In Chapter 16, Customizing Forms, you learn more about modifying PCA's standard forms.

### **Gross Profit by Departments**

A departmentalized accounting system provides information that management can use to evaluate the profitability or cost effectiveness of a department's activities. The Gross Profit by Departments financial statement is a custom report designed for Bellwether that details each department's year-to-date gross profit as of the current month.

Some of Bellwether's chart of account numbers have a dash, then an AV or a BK. For example, Account No. 40000-AV, Sales - Aviary; and Account No. 40000-BK, Sales - Books show the departmental designation.

PCA includes a feature called masking which allows organization of the business by department. Then, custom forms can be designed to accommodate a departmentalized accounting system. The wrench  to the left of some of Bellwether's financial statements indicates custom-designed forms.

## Income Statement

The income statement is a summary of the revenues and expenses a company accrues over a period of time, such as an accounting period or a year. Only revenue and expense accounts are displayed on the income statement. **Net income** is computed by subtracting total expenses from total revenues. Net income results when revenues exceed expenses. An excess of expenses over revenues results in a **net loss**. Bellwether's net loss for the current month, March 1 through March 31, 2011, is \$2,625.61. A net loss is indicated on the income statement with parenthesis (\$2,625.61). Bellwether's year-to-date net income is \$25,476.82. On page 243, the Income Statement is printed.

In addition to dollar figures, the income statement also includes percentage-of-revenue columns for the current month and year to date. The percentages shown for each expense, total expenses, and net income (or net loss) indicate the relationship of each item to total revenues.

## Statement of Cash Flow

The cash flow from operations is roughly the same as income from operations plus depreciation, depletion, and adjusted for any other operating transactions that had no effect on cash during the period. The statement of cash flow also reports cash transactions associated with the purchase or sale of fixed assets (Investing Activities) and cash paid to or received from creditors and owners (Financing Activities).

The statement of cash flow provides the answers to three questions:

1. Where did cash receipts come from?
2. What were cash payments used for?
3. What was the overall change in cash?



### Statement of Retained Earnings

The Statement of Retained Earnings shows beginning and ending retained earnings amounts, adjustments made to retained earnings within the report period, and the detail for all Equity-related accounts. The retained earnings balance is the cumulative, lifetime earnings of the company less its cumulative losses and dividends.

### Statement of Changes in Financial Position

The statement of changes describes changes in a company's financial position that may not be obvious from other financial statements. The statement of changes shows the change in working capital, assets, and liabilities for a given period of time. (For more information, refer to Read me, page 247.)

### Interrelationship of Financial Statements

The financial statements work together. The net income (or net loss) from the income statement is reported on the balance sheet's capital section. The net income or net loss is used to update the balance sheet's capital amount:  $\text{Capital Beginning of the Year} - \text{Net Loss (or + Net Income)} = \text{Total Capital}$ .

On the statement of retained earnings, the Ending Retained Earnings balance is \$214,514.42. On the balance sheet, if you add the net income \$25,476.82 to the balance sheet's retained Earnings amount, \$189,037.60, the result is \$214,514.42. This amount, \$214,514.42, is the same as the Ending Retained Earnings balance on the Statement of Retained Earnings.


The total of all the cash accounts on the Balance Sheet (Petty Cash, Cash on Hand, Regular Checking Account, Payroll Checking Account, Savings Account, and Money-Market Fund) is shown as the Cash Balance at End of Period on the statement of cash flow, \$32,060.92. The statement of cash flow uses information from both the balance sheet and income statement.

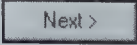

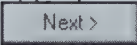
The statement of changes in financial position uses information from the income statement and balance sheet. The net income is shown on the income statement. Current assets and current liabilities are derived from the balance sheet.

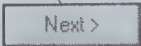
No single financial statement tells the entire story. The income statement indicates how much revenue a business has earned during a specific period of time, but it says nothing about how much of that amount has or has not been received in cash. For information about cash and accounts receivable, we have to look at the balance sheet, statement of cash flow, and statement of changes in financial position.

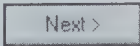
## GETTING STARTED


1. If necessary, start PCA. Open the sample company, Bellwether Garden Supply. (If Bellwether Garden Supply is not shown, restore A New Company. Refer to Read me, page 29.)
2. If necessary, follow steps a. through e. to restore your data from the Exercise 6-2 back up.


- a. From the Navigation Bar, select ; link to Restore. (The Exercise 6-2 backup was made page 228.)

- b. The Select Backup File window appears. If the Location field shows :\\Sage\\Peachtree\\Company\\Sample\\PCW\\BCS\\Exercise 6-2.ptb, click . (Or, click , then select the appropriate location of the Exercise 6-2 backup file; click .)

- c. The Select Company window appears. The radio button next to An Existing Company is selected. The Company name field shows Bellwether Garden Supply; the Location field shows C:\\Sage\\Peachtree\\Company\\Sample\\PCW\\BCS (or the appropriate location on your computer). Click .

- d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .

- e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored and you are returned to the menu bar. If necessary, remove external media.

 To make sure you are starting in the appropriate place in the data (Exercise 6-2.ptb backup) check the Job Profitability Report. The results for Franklin Botanical Gardens are shown below.

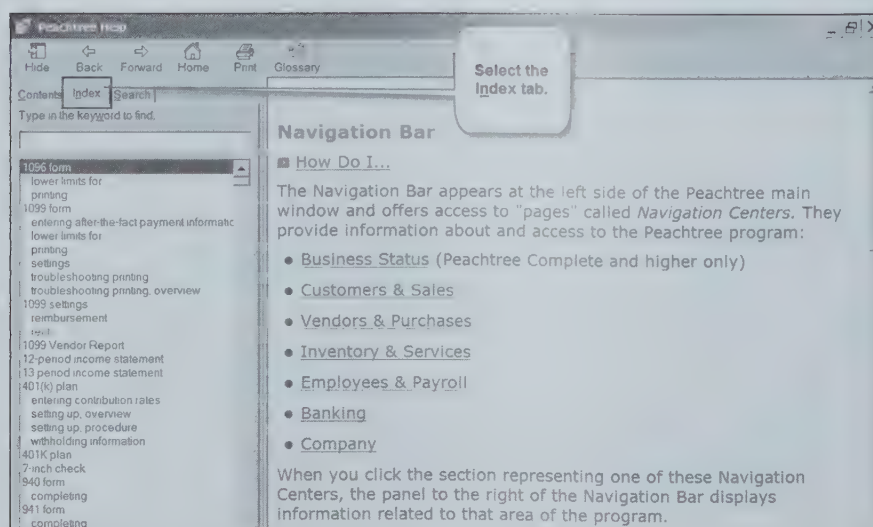
FRANKLIN	40000-EQ	129.99			
		59.98			
	50000-EQ		14.00		
			14.00		
	57200		14.00		
	77500		14.00		
		189.97	281.37		
FRANKLIN	Total	189.97	281.37	189.97	468.37

## USING PEACHTREE'S HELP FEATURE

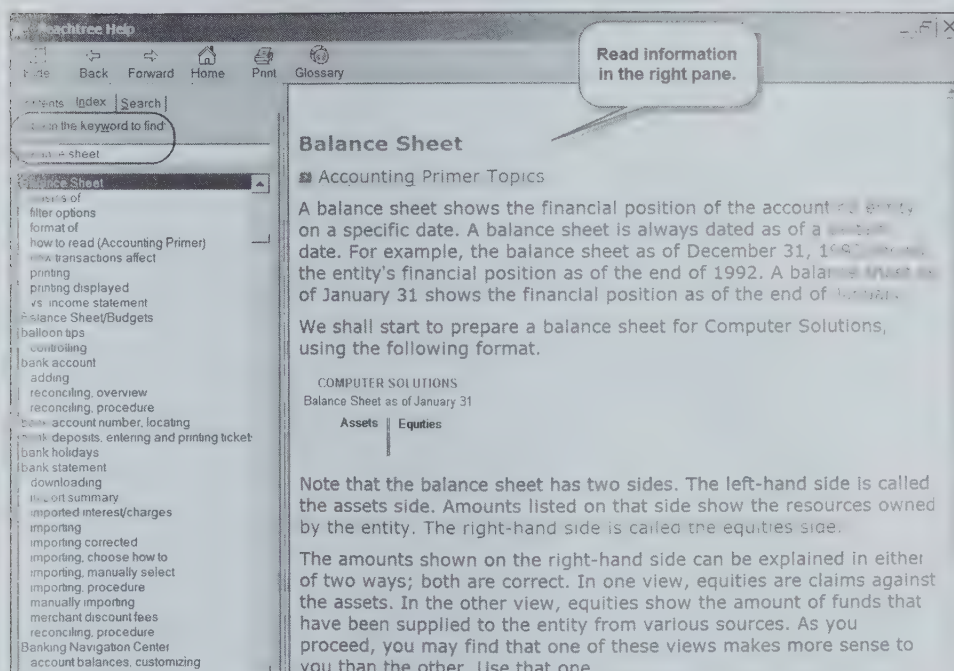
In Chapter 5 on pages 172-174 you used PCA's Help feature to access the sample company's chart of accounts. Later in Chapter 5, on pages 199-200, you used Peachtree's Help feature to learn about security and internal controls. In this chapter, you learn how to access Peachtree's Help feature to learn more about financial statements.



Follow these steps to learn more about Help:

1. From the menu bar, click Help; Peachtree Accounting Help. The Peachtree Help window displays. If necessary, click on the Index tab.



2. Type **balance sheet** in the Type in keyword to find field. Observe that Balance Sheet is highlighted.
3. Click . Read the information on the right pane.




4. If necessary, on the Peachtree Help title bar click  to enlarge the Peachtree Help window, or scroll down. Link to [How Transactions Affect the Balance Sheet](#). Read the information on this page. From this page you can link to [Accounting Primer Topics](#), or you can scroll down and link to other areas.
5. Click  on the Peachtree Help title bar to close the window.

## DISPLAYING THE FINANCIAL STATEMENTS



You have already used the Reports & Forms menu to print PCA reports. In the steps that follow you use the Company Navigation Center to print financial statements.



1. From the Navigation Bar, click . The Recently Used Financial Stmnts area lists the reports that were viewed recently. Std Balance Sheet is shown.
2. Link to View or Print the Std Balance Sheet.

**Read Me**

If Std Balance Sheet is *not* shown, follow these steps:

1. Link to View All Financial Statements. The Select a Report window appears.
2. Select <Standard> Balance Sheet.
3. Click  or . The <Standard> Balance Sheet window appears.
4. Display or print the Balance Sheet.

Standard (Std) refers to statements that PCA has already set up. As noted in the Help window, Peachtree has a feature that allows you to design financial statements to fit your company's needs. The financial statements with a red arrow next to them are customized forms.

Compare your balance sheet with the one shown on the next two pages.

If you printed the report, observe that a line at the bottom of the reports says "Unaudited – For Management Purposes Only."

Bellwether Garden Supply  
Balance Sheet  
March 31, 2011

ASSETS

Current Assets		
Petty Cash	\$	327 55
Cash on Hand		1,850 45
Regular Checking Account		9,046 52
Payroll Checking Account		8,836 40
Savings Account		7,500 00
Money Market Fund		4,500 00
Accounts Receivable		175,846 38
Other Receivables		7,681 84
Allowance for Doubtful Account		(5,000 00)
Inventory		12,453 96
Prepaid Expenses		14,221 30
Employee Advances		3,000 65
Notes Receivable-Current		11,000 00
Other Current Assets		120 00
Total Current Assets		251,385 05
Property and Equipment		
Furniture and Fixtures		62,769 25
Equipment		38,738 35
Vehicles		86,273 40
Other Depreciable Property		6,200 96
Buildings		185,500 00
Building Improvements		26,500 00
Accum Depreciation-Furniture		(54,680 57)
Accum Depreciation-Equipment		(33,138 11)
Accum Depreciation-Vehicles		(51,585 26)
Accum Depreciation-Other		(3,788 84)
Accum Depreciation-Buildings		(34,483 97)
Accum Depreciation-Bldg Imp		(4,926 28)
Total Property and Equipment		223,378 91
Other Assets		
Deposits		15,000 00
Organization Costs		4,995 10
Accum Amortiz - Organiz Costs		(2,000 00)
Notes Receivable- Noncurrent		5,004 90
Other Noncurrent Assets		3,333 00
Total Other Assets		26,333 00
Total Assets	\$	501,096 96

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	80,852 01
Accrued Expenses		3,022 55
Sales Tax Payable		18,073 34
Wages Payable		2,320 30
401 K Deductions Payable		2,579 92
Health Insurance Payable		(530 64)
Federal Payroll Taxes Payable		42,381 73

Unaudited - For Management Purposes Only

Bellwether Garden Supply Balance Sheet March 31, 2011		
FUTA Tax Payable	258.20	
State Payroll Taxes Payable	6,946.31	
SUTA Tax Payable	658.67	
Local Payroll Taxes Payable	113.25	
Income Taxes Payable	11,045.75	
Other Taxes Payable	2,640.15	
Current Portion Long-Term Debt	5,167.00	
Contracts Payable- Current	2,000.00	
Other Current Liabilities	54.00	
Total Current Liabilities		\$ 30,888.33
Long-Term Liabilities		
Notes Payable-Noncurrent	4,000.00	
Total Long-Term Liabilities		4,000.00
Total Liabilities		\$ 34,888.33
Capital		
Common Stock	5,000.00	
Paid-in Capital	100,000.00	
Retained Earnings	189,037.60	
Net Income	25,476.82	
Total Capital		\$ 311,514.42
Total Liabilities & Capital		\$ 660,402.75
Unaudited - For Management Purposes Only		

Follow these steps to display the Gross Profit by Departments financial statement for the current period.

1. Close the <Standard> Balance Sheet window. On the Company Navigation Center, link to View All Financial Statements.
2. From the Select a Report or Form window, double-click Gross Profit by Departments.
3. If the Show Zero Amounts box is checked, click on it once to uncheck it. Click . The Departmental Gross Profit Totals report appears.

Bellwether Garden Supply Departmental Gross Profit Totals Year To Date Totals For the Month Ending March 31, 2011						
	Aviary		Books		Equipment	
Revenues						
Sales	\$ 51,697.86	100.00	\$ 7,293.10	100.00	\$ 6,092.26	100.00
Total Revenues	51,697.86	100.00	7,293.10	100.00	6,092.26	100.00
Cost of Sales						
Product Cost - Aviary	20,954.25	40.53	0.00	0.00		0.00
Product Cost - Books	0.00	0.00	2,361.37	32.38		0.00
Product Cost - Equipment	0.00	0.00	0.00	0.00	2,428.80	40.14
Total Cost of Sales	20,954.25	40.53	2,361.37	32.38	2,428.80	40.14
Gross Profit	30,743.61	59.47	4,931.73	67.62	3,663.46	60.86

The Departmental Gross Profit Totals report lists the departmental gross profit totals for the following departments: Aviary, Books, and Equipment.

4. Close the Gross Profit by Departments window.

### Departmental Masking

The Departmental Gross Profit report shown above is separated into three departments: Aviary, Books, and Equipment. A feature included in Peachtree called **masking** allows you to departmentalize financial statements. Masking is the ability to limit information on the report to a single division, department, location, or type code.

For masking, account numbers could be set up like this.

<b>1001M01</b>		
Account No.		
Main Branch		
Department		

When you print or display a report, you can filter the report using **wildcard** characters. In this example, you would type \*\*\*\*\*01 to include all departments ending in 01. You would type \*\*\*\*\*M\*\* to show only main branch numbers on the report. You could type 10\*\*\*\*\* to find all asset-

type accounts for all branches and departments (assuming your asset accounts all begin with 10).

Wildcards make it easy to select a range of account numbers. In Peachtree, the only valid wildcard character is an asterisk. An asterisk represents any number of characters.

You can filter or mask the information that appears on certain general ledger reports. This is done by the use of 15 characters that are allowed in the Account ID field of your general ledger accounts. To see the account masking option, do this.

1. Select Reports & Forms.
2. Select General Ledger.
3. Highlight the Chart of Accounts report.
4. Click Options on the toolbar.
5. In the Select a filter area, highlight Department Mask.
6. In the Select an option area, select Use wildcards. Type 10\*\*\*\*\*.

Filters

Select a filter:

- GL Account ID
- GL Account Description
- Department Mask**
- Account Type
- Active/Inactive

Select an option:


- Use wildcards

10\*\*\*\*\*

7. Click OK. The Chart of Accounts appears with account numbers starting with 10. Close the Chart of Accounts.

Bellwether Garden Supply masks departments by adding a suffix for the department name—AV for Aviary, BK for Books, etc.

Follow these steps to display the income statement:

1. From the Select a Report or Form window, select Financial Statements, then double-click <Standard> Income Stmtnt.
2. Uncheck the show Zero Amounts field. Click . The Income Statement appears.

The income statement is shown on the next page.



Bellwether Garden Supply Income Statement For the Three Months Ending March 31, 2011				
	Current Month		Year to Date	
Revenues				
\$	295.00	0.33	\$ 295.00	0.10
- Aviary	7,172.71	8.09	51,697.86	18.38
- Books	149.75	0.17	7,293.10	2.59
- Equipment	18,038.77	20.33	60,392.26	21.47
- Food/Fert	1,006.96	1.14	5,204.15	1.85
- Hand Tools	729.67	0.82	7,058.12	2.51
- Landscape Services	17,467.43	19.69	26,975.53	9.59
- Miscellaneous	0.00	0.00	45.00	0.02
- Nursery	33,795.03	38.10	67,637.11	24.04
- Pots	7,919.31	8.93	11,483.74	4.08
- Seeds	1,457.43	1.64	8,661.39	3.08
- Soil	724.92	0.82	9,152.45	3.25
Other Income	100.00	0.11	25,000.00	0.09
Sales Discounts	(145.72)	(0.16)	(5,540.00)	0.02
Total Revenues	88,711.26	100.00	281,340.09	100.00
Cost of Sales				
Product Cost	(68.50)	(0.08)	(68.50)	(0.02)
Product Cost - Aviary	2,210.60	2.49	20,954.25	7.45
Product Cost - Books	14.27	0.02	2,361.37	0.84
Product Cost - Equipment	7,482.30	8.43	24,238.80	8.62
Product Cost - Food/Fert	398.80	0.45	2,060.04	0.74
Product Cost - Hand Tools	287.15	0.32	2,813.85	1.00
Product Cost - Pots	3,148.60	3.55	3,423.60	1.22
Product Cost - Seeds	584.45	0.66	3,450.65	1.23
Product Cost - Soil	310.72	0.35	4,075.97	1.45
Direct Labor - Nursery	1,750.00	1.97	3,062.50	1.09
Materials Cost	1,567.45	1.77	1,567.45	0.56
Materials Cost - Nursery	5,438.40	6.13	9,668.50	3.44
Subcontractors - Landscaping	335.50	0.38	335.50	0.12
Total Cost of Sales	23,459.74	26.45	77,943.98	27.70
Gross Profit	65,251.52	73.55	203,396.11	72.30
Expenses				
Advertising Expense	0.00	0.00	50.00	0.02
Freight Expense	1,325.00	1.49	1,325.00	0.47
Interest Expense	274.56	0.31	274.56	0.10
Interest Expense	1,341.09	1.51	1,341.09	0.48
Interest Expense	18.00	0.02	18.00	0.01
Depreciation Expense	2,761.30	3.11	8,394.00	2.98
Legal and Professional Expense	150.00	0.17	510.00	0.18
Licenses Expense	150.00	0.17	150.00	0.05
Maintenance Expense	75.00	0.08	75.00	0.03
Office Expense	534.64	0.60	534.64	0.19
Payroll Tax Exp	5,854.46	6.60	16,115.88	5.73
Rent or Lease Expense	550.00	0.62	1,100.00	0.39
Repairs Expense	125.00	0.14	3,694.00	1.31
Supplies Expense	2,873.42	3.24	2,873.42	1.02
Utilities Expense	303.45	0.34	303.45	0.11
Wages Expense	51,086.42	57.59	140,705.46	50.01
Other Expense	464.90	0.52	464.90	0.17
Purchase Disc- Expense Items	(10.11)	(0.01)	(10.11)	0.00
Total Expenses	67,877.13	76.51	177,919.29	63.24
Net Income	\$ (2,625.61)	(2.96)	\$ 25,476.82	9.06
For Management Purposes Only				

### Drill Down from the Income Statement to Original Entry

Follow these steps to follow an account balance from the income statement, to the general ledger, then to the original entry window. This is called drill down.

1. The income statement should be displayed. Place your cursor over 7,172.71, Sales – Aviary.

Sales - Aviary

7,172.71

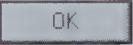
Observe that the cursor becomes a magnifying glass icon with a Z in the middle. (Z is an abbreviation for zoom). Double-click with your left mouse button.

2. The General Ledger Account 40000-AV, Sales - Aviary, appears. From the general ledger you can drill down to the Receipts window. For example, double click on the 3/5/11 Cash Receipts Journal (CRJ) entry for \$79.96.

3/5/11	CASH030503	CRJ	Retail (Cash) Sales - Item AV	79.96
--------	------------	-----	-------------------------------	-------

3. This takes you to the Receipts window. The original entry for 4 Thistle Bird Seed Mix-6 lb. (AVRY-10140) is shown ( $19.99 \times 4 = 79.96$ ). Close the Receipts window to go back to the General Ledger Account No. 40000-AV.
4. Drill down from one of the Sales Journal (SJ) entries. The Sales/Invoicing window appears.
5. When you are through using drill down, close the Sales/Invoicing window, General Ledger, and Income Statement windows to return to the Select a Report or Form window.

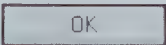
Follow these steps to display the Statement of Cash Flow.

1. From the Select a Report or Form window, double-click <Standard> Cash Flow.
2. The <Standard> Cash Flow Options window displays. Uncheck show Zero Amounts.
3. Click . The Statement of Cash Flow appears. If printed, observe that the bottom of the report says "Unaudited – For Internal Use Only."

Bellwether Garden Supply Statement of Cash Flow For the three Months Ended March 31, 2011			
	Current Month		Year to Date
Cash Flows from operating activities			
Net Income	\$	(2,625.61)	\$ 25,476.82
Adjustments to reconcile net income to net cash provided by operating activities			
Accum. Depreciation-Furniture		420.80	1,262.40
Accum. Depreciation-Equipment		385.05	1,265.25
Accum. Depreciation-Vehicles		1,437.89	4,313.67
Accum. Depreciation-Other		64.57	193.71
Accum. Depreciation-Buildings		396.37	1,189.11
Accum. Depreciation-Bldg Imp		56.63	169.87
Accounts Receivable		(10,905.71)	(172,747.94)
Other Receivables		0.00	(3,672.24)
Inventory		13,582.87	6,144.23
Accounts Payable		10,497.38	76,949.26
Sales Tax Payable		4,375.97	15,612.79
401 K Deductions Payable		825.32	2,135.22
Health Insurance Payable		(530.64)	(530.64)
Federal Payroll Taxes Payable		14,617.04	40,794.88
State Payroll Taxes Payable		2,138.64	5,960.98
Other Taxes Payable		50.00	50.00
Other Current Liabilities		150.00	150.00
Total Adjustments		37,562.18	(20,759.45)
Net Cash provided by Operations		34,936.57	4,717.37
Cash Flows from investing activities			
Used For			
Net cash used in investing		0.00	0.00
Cash Flows from financing activities			
Proceeds From			
Used For			
Net cash used in financing		0.00	0.00
Net increase <decrease> in cash	\$	34,936.57	\$ 4,717.37
Summary			
Cash Balance at End of Period	\$	32,060.92	\$ 32,060.92
Cash Balance at Beg of Period		2,875.54	(27,343.66)
Net Increase <Decrease> in Cash	\$	34,936.46	\$ 4,717.26
Unaudited - For Internal Use Only.			

## 4. Close the Statement of Cash Flow.

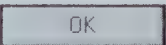
Follow these steps to display the Statement of Retained Earnings:

1. From the Select a Report or Form window, double-click <Standard> Retained Earnings.
2. The <Standard> Retained Earnings Options window appears. Uncheck show Zero Amounts.
3. Click . The Statement of Retained Earnings appears.

Bellwether Garden Supply		
Statement of Retained Earnings		
For the Three Months Ending March 31, 2011		
Beginning Retained Earnings	\$	189,037.60
Adjustments To Date		0.00
Net Income		25,476.82
Subtotal		214,514.42
Ending Retained Earnings	\$	214,514.42
For Management Purposes Only		

4. Close the Statement of Retained Earnings.

Follow these steps to print the Statement of Changes in Financial Position:

1. From the Select a Report window or Form window, double-click <Standard> Stmt Changes.
2. The <Standard> Stmt Changes Options window displays. Uncheck Show Zero amounts.
3. Click . The Statement of Changes in Financial Position appears. Observe that the bottom of this report says "For Management Purposes Only."

Bellwether Garden Supply  
Statement of Changes in Financial Position  
For the three months ended March 31, 2011

	Current Month	Year To Date
<b>Sources of Working Capital</b>		
Net Income	\$ (2,625.61)	\$ 25,476.82
Add back items not requiring working capital		
Accum. Depreciation-Furniture	420.76	1,342.84
Accum. Depreciation-Equipment	384.99	1,165.29
Accum. Depreciation-Vehicles	1,437.89	4,381.67
Accum. Depreciation-Other	64.57	193.71
Accum. Depreciation-Buildings	396.36	1,189.19
Accum. Depreciation-Bldg Imp	56.63	168.87
Working capital from operations	135.59	33,870.72
Other sources		
Total sources	135.59	33,870.72
<b>Uses of working capital</b>		
Total uses	0.00	0.00
Net change	\$ 135.59	\$ 33,870.72
<b>Analysis of components of changes</b>		
Increase <Decrease> in Current Assets		
Cash	\$ 227.55	\$ 227.55
Regular Checking Account	(631.21)	(2,280.00)
Payroll Checking Account	30,840.12	2,269.73
Money Market Fund	4,500.00	4,500.00
Accounts Receivable	10,905.71	172,747.94
Other Receivables	0.00	3,672.23
Inventory	(13,582.87)	(6,144.23)
Increase <Decrease> in Current Liabilities		
Accounts Payable	(10,497.38)	(76,949.26)
Taxes Payable	(4,375.97)	(15,612.79)
401 K Deductions Payable	(825.32)	(2,135.22)
Health Insurance Payable	530.64	530.64
Federal Payroll Taxes Payable	(14,617.04)	(40,794.88)
State Payroll Taxes Payable	(2,138.64)	(5,960.98)
Other Taxes Payable	(50.00)	(50.00)
Other Current Liabilities	(150.00)	(150.00)
Net change	\$ 135.59	\$ 33,870.72

For Management Purposes Only



### Read Me: Statement of Changes in Financial Position

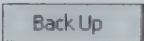
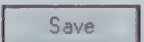
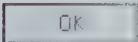
Peachtree includes the Statement of Changes in Financial Position even though the Financial Accounting Standards Board's FAS 95 summary requires that "a statement of cash flows is required as part of a full set of financial statements in place of a statement of changes in financial position."



4. Close all windows to return to the Company Navigation Center.


### **BACKING UP CHAPTER 7 DATA (Optional Backup)**

You have not added any new data in Chapter 7. If you would prefer to have another backup disk, follow these steps to back up Chapter 7:

1. From the Company Navigation Center, link to Back Up.
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 7** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 9.89MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 7. You are returned to the menu bar.

### **EXPORT FINANCIAL STATEMENTS TO EXCEL**

Follow these steps to have separate sheets for each financial statement on one Excel workbook.

1. Display the <Standard> Balance Sheet. From the Balance Sheet click .
2. The Copy Report to Excel window appears. The default File Option is Create a new Microsoft Excel workbook. The Default Report header option is Show header in Excel worksheet. If necessary, make these selections. Compare your Copy Report to Excel window to the one shown on the next page.

**Copy Report to Excel**

File option

☒ Create a new Microsoft Excel workbook

☐ Add a new worksheet to an existing Microsoft Excel workbook

Excel options

☐ Use freeze panes (headers and labels are visible)

☐ Enable automatic column filtering (Auto-filter)

Report header option

☐ Send header to Page Setup in Excel

☒ Show header in Excel worksheet



Report layout option

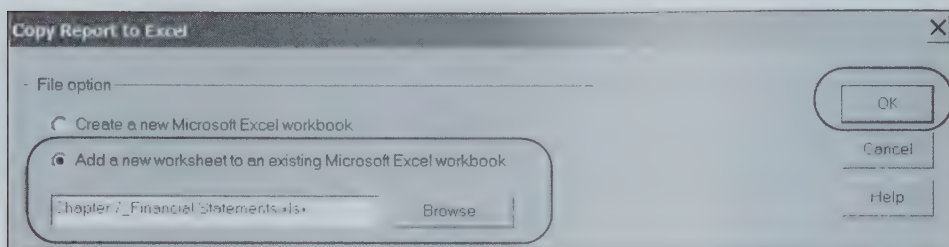
☐ Peachtree report layout

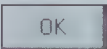
☒ Raw data layout

Example:

Customer ID	Customer	Date	Trans No	Type	Debit Amt	Credit Amt	Balance
ALDRED	Alfred Builders, Inc.	3/1/07		Balance Fwd			1,211.70
ALDRED	Alfred Builders, Inc.	3/4/07	10333		1,211.70		
ARCHER	Archer Scapes and Ponds	3/1/07		Balance Fwd			2,000.00
ARCHER	Archer Scapes and Ponds	3/4/07	10329		50.00		1,949.00
ARCHER	Archer Scapes and Ponds	3/15/07	10317		43.00		1,906.00
ARCHER	Archer Scapes and Ponds	3/15/07	10318		43.00		1,863.00
ARCHER	Archer Scapes and Ponds	3/15/07	10123			43.00	1,906.00
ARMSTRONG	Armstrong Landscaping	3/1/07		Balance Fwd			1,000.00
ARMSTRONG	Armstrong Landscaping	3/1/07	10320		5,000.00		4,000.00
ARMSTRONG	Armstrong Landscaping	3/1/07	10346		1,000.00		3,000.00
ARMSTRONG	Armstrong Landscaping	3/5/07	10338		1,000.00		2,000.00
ARMSTRONG	Armstrong Landscaping	3/5/07	10340		1,000.00		1,000.00
ARMSTRONG	Armstrong Landscaping	3/15/07	10314		4,000.00		4,000.00
ARMSTRONG	Armstrong Landscaping	3/15/07	10315		1,000.00		3,000.00
ARMSTRONG	Armstrong Landscaping	3/15/07	10328		1,000.00		2,000.00
ARMSTRONG	Armstrong Landscaping	3/15/07	10339		1,000.00		1,000.00
ARMSTRONG	Armstrong Landscaping	3/15/07	10342		1,000.00		0.00

- Click . The Balance Sheet appears as an Excel workbook.
- Save. Use the file name **Chapter 7\_Financial Statements.xlsx**. Minimize Excel.
- Close Peachtree's Balance Sheet.
- Display the <Standard> Income Statement. From the displayed Income Statement, click .
- On the Copy Report to Excel window, select Add a new worksheet to an Existing Microsoft Excel workbook. Then, browse to the location of the saved file (Chapter 7\_Financial Statements.xlsx).

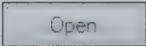
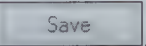


8. Click . Maximize Excel. (From the taskbar, click on the Microsoft Excel button.) Observe that the Excel file shows two sheets—Balance Sheet and Income Stmtnt.
9. Save. Add the following financial statements to the Excel file: Gross Profit by Departments, Statement of Cash Flow, Retained Earnings Statement, and Statement of Changes in Financial Position. When you are finished, the Excel file should have 6 sheets: Balance Sheet, Income Stmtnt, Gross Profit by Departments, Cash Flow, Retained Earnings, Stmtnt Changes.

### Check your figures:

Total Liabilities & Capital	\$501,096.96
Year to Date Gross Profit	203,396.11
Year-to-date Net Income	\$25,476.82
Year-to-date Net Increase in Cash	\$4,717.26
Ending Retained Earnings	\$214,514.42

10. Save. Exit Excel.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 7. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to <u>Part 1 Internet Activities for Chapter 1-8</u> . Select  or  .
4.	If necessary, scroll down the window to PEACHTREE SOFTWARE – Chapter 7. Read steps 1 and 2.
5.	Follow the steps shown on the textbook's website to complete this Internet activity.
6.	Use a word processing program to write a summary for each website visited. Your summaries should be no more than 75 words.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, page 251.
2. True/make true questions, pages 252-254.
3. Exercises 7-1 and 7-2, page 254.
4. Assessment rubric, page 255.
5. Analysis questions, page 255.
6. Chapter 7 Index, page 256.

## GOING TO THE NET

Access the article *How to Value Stocks: How to Read a Balance Sheet* at <http://www.fool.com/investing/beginning/how-to-value-stocks-how-to-read-a-balance-sheet.aspx>.

Read the article. (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011), link to Student Edition, select Chapter 7.)

Answer the following questions.

1. What are liquid assets?
2. What are the liquid assets called on the balance sheet?
3. In the **More on reading a balance sheet** section, link to two other sites. Define each link; include the website address(es) in your answer.

**True/Make True:** Write the word True in the space provided if the statement is true. If the statement is not true, write the correct answer.

1. Peachtree automatically calculates financial statements once journal entries have been journalized and posted.

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2. In Chapter 7, you printed three financial statements.

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3. The statement of cash flow is roughly the same thing as a balance sheet.

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4. The balance sheet lists the revenues and expenses of the business.

---

---



5. The income statement is a summary of the revenue and expenses of a company for a period of time, such as an accounting period or a year.

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6. The financial statements printed by Peachtree reflect month-to-date amounts only.

---

---

7. The financial statements are interrelated.

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8. The term standard refers to financial statements that are designed by the company.

---

---

9. Bellwether Garden Supply showed a net loss for the current month, March 31, 2011.

---

---

10. The statement of changes in financial position derives its information from the income statement.
- 
- 

**Exercise 7-1:** Answer the following questions about the balance sheet and income statement:

1. The total assets are: \_\_\_\_\_
2. The total capital is: \_\_\_\_\_
3. Indicate the amount of the net income or (net loss) for the month of March: \_\_\_\_\_
4. The current month's gross profit is: \_\_\_\_\_
5. The current month's total expenses are: \_\_\_\_\_

**Exercise 7-2:** Answer the following questions about the statement of cash flow and the statement of retained earnings:

1. The current month's net cash provided by operations is: \_\_\_\_\_
  2. The year-to-date's net cash provided by operations is: \_\_\_\_\_
  3. The cash balance at end of period for the current month is: \_\_\_\_\_
  4. The beginning Retained Earnings balance is: \_\_\_\_\_
  5. The ending Retained Earnings balance is: \_\_\_\_\_
-

---

**ASSESSMENT RUBRIC**

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 7, Assessment Rubric link. To review Peachtree's navigation centers, menu selections, and windows, complete the blank fields online.

Report	Date	Navigation Center and Menu	Window
Balance Sheet			
Income Statement			

**ANALYSIS QUESTIONS**

Explain the interrelationship of the financial statements. Specifically, answer these questions.

1. How are the income statement and balance sheet related to each other?
2. Using Bellwether Garden Supply as an example, what cash accounts does the statement of cash flow report?
3. Does the statement of cash flow use information from both the balance sheet and income statement?

---

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## Chapter

# 8

## Stone Arbor Landscaping: Time & Billing

### LEARNING OBJECTIVES

1. Start the sample company, Stone Arbor Landscaping.
2. Explore Peachtree's time and billing feature.
3. Export the Time Ticket Register to Excel.
4. Complete the Internet Activity online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
5. Make one backup and save one Excel file.

### STONE ARBOR LANDSCAPING

When you installed Peachtree Complete Accounting 2011, two sample companies were included with the software: Bellwether Garden Supply and Stone Arbor Landscaping. In Chapters 1–7 you worked with Bellwether Garden Supply. Chapter 8 focuses on how the second sample company, Stone Arbor Landscaping, uses the time and billing feature.

### TIME & BILLING

Time & Billing can track time spent on various activities and record internal use of company resources associated with customers or jobs. Recorded time and expenses can later be billed to customers on sales invoices. If you use payroll, timed activities can be applied to an employee's paycheck. Time & Billing can also be used to effectively manage administrative activities and overhead expenses for your business.

The purpose of PCA's time and billing feature is to provide the tools to record customer-related work or expenses. Time & Billing gives you a way to track expenses and time when working with customers. Time and expenses are recorded for customers, jobs, or administrative tasks.

**Customers:** Time and expenses can be associated with customers that you intend to bill later in Sales/Invoicing. Record time and expenses for customers only if you are not using job costing.



**Jobs:** If you are tracking jobs in Job Costs, you can record time and expense for jobs, phases, or cost codes. Then, you can apply billable time and expense items to the customer's invoice. The advantage of recording time and expense for jobs is that you can track details related to the completion of the project, including overhead and labor costs. Also, you can manage job profitability more effectively in reports.

**Administrative:** You can track internal activities to manage process control and overhead costs for the business. You may want to track the number of hours an employee spends preparing proposals or bookkeeping. Or, you may want to track an employee's mileage or travel expenses.

To track time and expenses, PCA uses two forms or tickets: the time ticket and the expense ticket. Each ticket type can be specific to a customer, job, or non-billable administrative tasks (miscellaneous items). Each ticket has its own special type of inventory item: the activity item for time tickets and the charge item for expense tickets.

### Time Tickets

**Time tickets** are used to record time-based activities such as research or consultations. They record the activities of either an employee or a vendor. The two methods of entering time ticket information are weekly or daily.

The billing rate used for a recorded activity can be based on the employee who records the ticket or one of the five billing rates assigned to the activity item. Or, you can record the billing at the time you enter the time ticket.

### Expense Tickets

**Expense tickets** are used to track and aid in the recovery of customer-related expenses. These expenses are *not* based on time. Expenses can be based on the various charges related to the service being offered. For example, if you were an accountant, you might charge your client for copying fees or faxing fees.

Both time and expense tickets can be used in the Sales/Invoicing window to bill your customers. The Sales/Invoicing window includes a feature

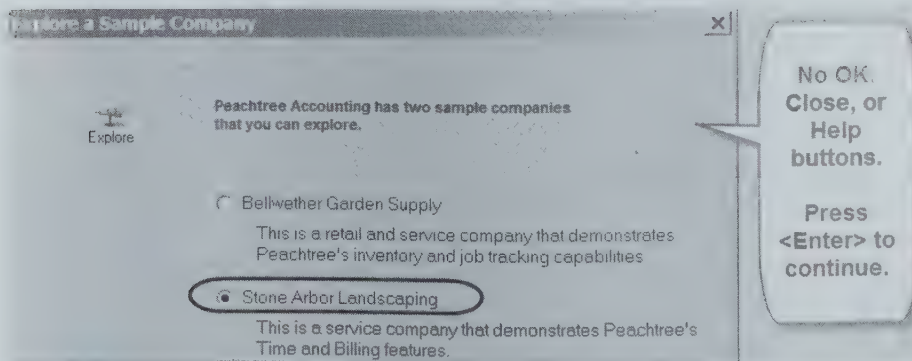
called Apply Tickets/Reimbursable Expenses which takes you to the time and billing feature. The rate for expense tickets is determined by the unit price of the charge item multiplied by the quantity.

The chart below shows how time and billing works:

Time & Billing Ticket Types			
Ticket Type	Inventory Item Class	Examples	Billing Amount Equals
Time Ticket	Activity Item	Research Consultants Writing Reports	Billing Rate Times Activity Divisions
Expense Ticket	Charge Item	Copying Faxing Court Fees	Unit Price of the Charge Item Times Quantity

## GETTING STARTED

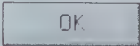
1. Start PCA. From the startup window, select Explore a sample company. (*Hint: Stone Arbor Landscaping will be listed in the Company Name list after the first time it is opened.*)
2. The Explore a Sample Company window appears. Select Stone Arbor Landscaping.



**Troubleshooting:** Why doesn't my Explore a Sample Company window show the OK, Close, and Help buttons?

Screen resolution affects how Peachtree's windows look. The recommended screen resolution is 1024X768 with small fonts (refer

to page iv, Software Installation.) You can use a higher resolution but some of the windows will look different. If you do not have an OK button, press <Enter> to start Stone Arbor Landscaping.

3. Click . The first time you start Stone Arbor Landscaping it takes a few moments. The title bar shows Stone Arbor Landscaping – Peachtree Accounting. The Customers & Suppliers Navigation Center is shown.

## USING TIME & BILLING



Let's look at how Stone Arbor Landscaping manages time and billing. First, they set up how they are going to invoice for their services. There are two special inventory item classes for Time & Billing: **activity items** and **charge items**. Activity items are used on time tickets. Charge items are used on expense tickets. These inventory items must be set up prior to entering a time or expense ticket.

There are four steps to complete PCA's Time & Billing:

- Step 1: Set up the inventory item.
- Step 2: Enter the time ticket.
- Step 3: Record the sales invoice.
- Step 4: Payroll.

## Inventory Item Maintenance

You use maintenance windows to set up inventory items. Follow these steps to look at the inventory maintenance information for Stone Arbor Landscaping.

1. From the Navigation Bar, click . . View and Edit Inventory Items. The Inventory List appears. Click once on INSTL HARD – COMM to highlight it.

**Inventory List**

File Edit Go To Window Help

Close New Open Print Settings Refresh Send To

Search for: [Enter Search Text] in [Item ID] Clear Search

Item ID	Description	Item Class	Unit Cost
B&W COPY	B&W Plan Copy	Charge Item	
CLR COPY	Color Plan Copy	Charge Item	
DELIVERY CHARGES	Delivery Charges	Charge Item	
DESIGN - COMM	Plan and Design - Comm	Activity Item	
DESIGN - RES	Plan and Design - Res	Activity Item	
INSTL HARD - COMM	Install Hardscape - Comm	Activity Item	
INSTL LAND - COMM	Install Landscape - Comm	Activity Item	
INSTL LAND - RES	Install Landscape - Res	Activity Item	
INSTL SPRINK - COMM	Install Sprinkler System - Comm	Service	
INSTL SPRINK - RES	Install Sprinkler System - Res	Service	
PRESS CLNG - COMM	Pressure Cleaning - Comm	Activity Item	
PRESS CLNG - RES	Pressure Cleaning - Res	Activity Item	
SEAS DECOR - COMM	Seasonal Decoration - Comm	Charge Item	
SEAS DECOR - RES	Seasonal Decoration - Res	Charge Item	
SEAS MNTNCE - COMM	Seasonal Maintenance - Comm	Activity Item	
SEAS MNTNCE - RES	Seasonal Maintenance - Res	Activity Item	
TREE REMVL	Tree Removal	Service	
WEEKLY MNTNCE - COMM	Weekly Maintenance - Comm	Activity Item	
WEEKLY MNTNCE - RES	Weekly Maintenance - Res	Activity Item	

Inventory & Services

Inventory Items Listed: 20  
Hide inactive records

- Double-click **INSTL HARD - COMM**. The Maintain Inventory Items window appears for **INSTL HARD - COMM**, Install Hardscape - Comm.

**Maintain Inventory Items**

File Edit Go To Window Help

Done List Save Delete Change New Notes Reports Attach Help

Item ID: **INSTL HARD - COMM** Inactive ☒  
 Description: **Install Hardscape - Comm** Subject to Commission ☐  
 Item: [ ] Subcategory: [ ]

**General** Custom Fields History

Description: **Install Hardscape for Commercial Customer**

Billing Rate #1: **60.00** GL Income Acct: **40000-HS** Sales: **Hardscape**

Item Tax Type: **1**

UPC / SKU: [ ]

Item Type: [ ]  
 Location: [ ]  
 Stocking U/M: [ ]




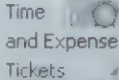
Review the information on the Maintain Inventory Items window. Observe that \$60.00 is shown in the Billing Rate #1 field. Click on the right-arrow to see other billing rates, then close the Multiple Price Levels window. The GL Income Acct is Account No. 40000-HS, Sales – Hardscape. The Item Tax Type is 1 (for Taxable). This maintenance window is similar to ones that you have set up before. *Remember, defaults are set up in maintenance windows.*

3. Close all windows to return to the Inventory & Services Navigation Center.

## Time Ticket

The Time Ticket shows how much was billed to the customer. To see how time is billed, look at a job that Alan Hardman has already completed.

Follow these steps to see time tickets.

1. From the Navigation Bar, click  **Employees & Payroll**,  **Time and Expense Tickets**.
2. Enlarge the window. Scroll down. Select Ticket No. 282, 3/12/2011, AHARDMAN, INSTL HARD –COMM, CHARA, 03-Installation. A partial Time Tickets List window is shown below.

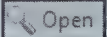
**Time Tickets List**

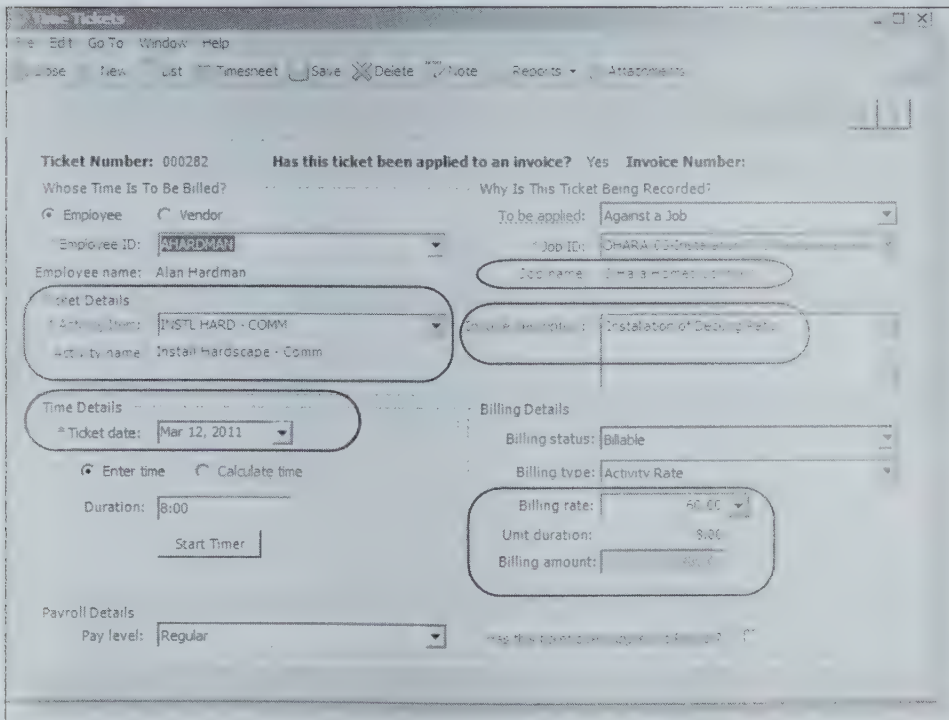
Date Range: [This Period] 03/01/2011 to 03/31/2011

Search for: [Enter Search Text] In Ticket No.

Tasks	Ticket No.	Date	Employee/Vendor	Activity	Item ID	Customer/Job ID	Billing	SI	Invoice	Amount
Create time ticket	267	3/7/2011	JHENDERSON	WKLY MNTNCE	COM1ASHFORD,04-Mair	Billable	Yes	8.00	\$280.00	
Create weekly timesheet	268	3/7/2011	RDILLION	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	3.00	\$150.00	
Create expense ticket	269	3/7/2011	VRAMEZ	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	3.00	\$150.00	
Create sales invoice	270	3/7/2011	VRAMEZ	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	3.00	\$150.00	
Create invoices for time and expenses	271	3/8/2011	KGRENE	DESIGN - COMM	ZARA	Billable	Yes	7.00	\$490.00	
Create paycheck	272	3/8/2011	AHARDMAN	INSTL HARD - RES	HUTCHEON,03-Ins	Billable	Yes	9.00	\$360.00	
View all customers	273	3/8/2011	JHENDERSON	WKLY MNTNCE	COM1ASHFORD,04-Mair	Billable	Yes	8.00	\$280.00	
View all vendors	274	3/8/2011	RDILLION	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	9.00	\$360.00	
View all employees	275	3/8/2011	SRULAND	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	3.00	\$150.00	
View all jobs	276	3/8/2011	VRAMEZ	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	3.00	\$150.00	
	277	3/9/2011	AHARDMAN	INSTL HARD - RES	HUTCHEON,03-Ins	Billable	Yes	8.00	\$320.00	
	278	3/9/2011	JHENDERSON	WKLY MNTNCE	COM1ASHFORD,04-Mair	Billable	Yes	8.00	\$280.00	
	279	3/9/2011	RDILLION	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	9.00	\$360.00	
	280	3/9/2011	SRULAND	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	3.00	\$150.00	
	281	3/9/2011	VRAMEZ	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	3.00	\$150.00	
	282	3/12/2011	JHENDERSON	WKLY MNTNCE	COM1REYNOLDS,04-Mair	Billable	Yes	8.00	\$280.00	
	284	3/12/2011	MHAYS	WKLY MNTNCE	COM1DBH,04-Maintenar	Billable	Yes	8.00	\$280.00	
	285	3/12/2011	RDILLION	INSTL LAND - RES	HUTCHEON,03-Ins	Billable	Yes	8.00	\$480.00	



3. Click . The Time Tickets window appears. Notice that the Activity Item is for INSTL HARD – COMM, Install Hardscape - Comm, and that the Job name is O'Hara Homes Contract. The Invoice description is Installation of Decking/Patio. Mr. Hardman worked for eight hours on March 12, 2011; and the Bill amount is 480.00. The Time Tickets window shows one instance. March 12, 2011 (refer to the Ticket date field.)



**Time Tickets**

File Edit Go To Window Help

Close New List Timesheet Save Delete Note Reports Attachments

**Ticket Number:** 000282 **Has this ticket been applied to an invoice?** Yes **Invoice Number:**

**Whose Time Is To Be Billed?** **Why Is This Ticket Being Recorded?**

☒ Employee ☐ Vendor **To be applied:** Against a Job

**Employee ID:** AHARDMAN **Job ID:** OHARA,03 Installation

**Employee name:** Alan Hardman **Job name:** O'Hara Homes Contract

**Ticket Details**

**Activity Item:** INSTL HARD - COMM **Invoice description:** Installation of Decking/Patio

**Activity name:** Install Hardscape - Comm

**Time Details**

**\*Ticket date:** Mar 12, 2011

☒ Enter time ☐ Calculate time

**Duration:** 8:00 **Start Timer**

**Billing Details**

**Billing status:** Billable

**Billing type:** Activity Rate

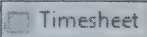
**Billing rate:** 60.00

**Unit duration:** 8:00

**Billing amount:** 480.00

**Payroll Details**



**Pay level:** Regular

4. Click . The Time Ticket Weekly Timesheet Entry window appears. Your cursor should be over the OHARA,03 job row. The Time Ticket Weekly Timesheet Entry window is shown on the next page.

5. Close the Time Ticket Weekly Timesheet Entry window.
6. Close the Time Tickets window.
7. Close the Time Tickets List to return to the Employees & Payroll Navigation Center.

**Sales Invoice**

In order to see how Mr. Hardman's charges were billed to the customer, O'Hara Homes, follow these steps.

1. From the Navigation Bar, click  Customers & Sales,  Sales Invoices. The Sales Invoice List appears. Click on OHARA, Invoice No. 1008, 3/13/2011 to highlight it.

**Sales Invoice List**

File Edit Go To Window Help

File New Open Print Settings Refresh Send To

Date Range: This Period 03/01/2011 to 03/31/2011

Search for: Enter Search Text in Customer ID Clear Search

Tasks	Customer ID	Invoice No.	Period	Date	Status	Net Due
View all sales orders	OHARA	1000	3	3/5/2011	Unpaid	\$1,425.25
View all customers	SALLENS	997	3	3/5/2011	Unpaid	\$5,164.00
View all payments received	PLEASANTDALE	998	3	3/5/2011	Unpaid	\$1,000.00
View item sales by customer	REYNOLDS	999	3	3/5/2011	Unpaid	\$5,100.00
	DBH	1001	3	3/6/2011	Unpaid	\$325.47
	ASHFORD	1002	3	3/6/2011	Unpaid	\$590.00
	SILVER	1003	3	3/9/2011	Unpaid	\$2,437.05
	REYNOLDS	1004	3	3/12/2011	Unpaid	\$5,000.00
	ASHFORD	1005	3	3/12/2011	Unpaid	\$988.20
	BHUTCHEON	1006	3	3/12/2011	Unpaid	\$2,000.00
	DBH	1007	3	3/12/2011	Unpaid	\$2,000.00
	REYNOLDS	1009	3	3/14/2011	Unpaid	\$2,000.00
	ZARA	1010	3	3/15/2011	Unpaid	\$2,000.00
	DBH	1011	3	3/15/2011	Unpaid	\$2,000.00

Reports

Customer Transaction History

Customer Ledgers

Items Sold to Customers

Job Ledger

Unbilled Job Expense

Customers & Sales

Invoices Listed: 15

- Double-click OHARA, Invoice 1008. The Sales/Invoicing window appears.
- Click on the arrow next to Apply tickets/expenses  
. (Hint: This is located in the lower left of the window.)
- The Apply Tickets/Reimbursable Expenses window appears. Observe that Alan Hardman's work on March 15 is billed, along with other employees that work on this customer's job.

The Apply Tickets/Reimbursable Expenses window is shown on the next page.

**Apply Tickets/Reimbursable Expenses**

Customer ID: OHARA Customer Name: O'Hara Homes

**Time Tickets** Expense Tickets Reimbursable Expenses


☒ Use Ticket Description for Invoicing ☐ Use Item Description for Invoicing

Sort List:  Consolidate:

Ticket Date	Activity Item	Hours	Billing Rate	Ticket Amount	Invoice Amount	Yes	No
Mar 15, 2011	INSTL HARD - Alan Hardman	8.00	60.00	480.00		<input type="checkbox"/>	<input type="checkbox"/>
Mar 15, 2011	INSTL HARD - Roy J. Oliver	7.00	60.00	420.00		<input type="checkbox"/>	<input type="checkbox"/>
Mar 14, 2011	INSTL HARD - Alan Hardman	8.00	60.00	480.00		<input type="checkbox"/>	<input type="checkbox"/>
Mar 14, 2011	INSTL HARD - Alan Hardman	8.00	60.00	480.00		<input type="checkbox"/>	<input type="checkbox"/>

Total Time Tickets Selected  
Total Time Tickets Not Selected  
Total Time Tickets Available



Observe that this time ticket shows that Alan Hardman's ticket amount is 480.00 for 8 hours at a billing rate of \$60.00 ( $\$60 \times 8 = \$480$ ) on March 15, 2011.

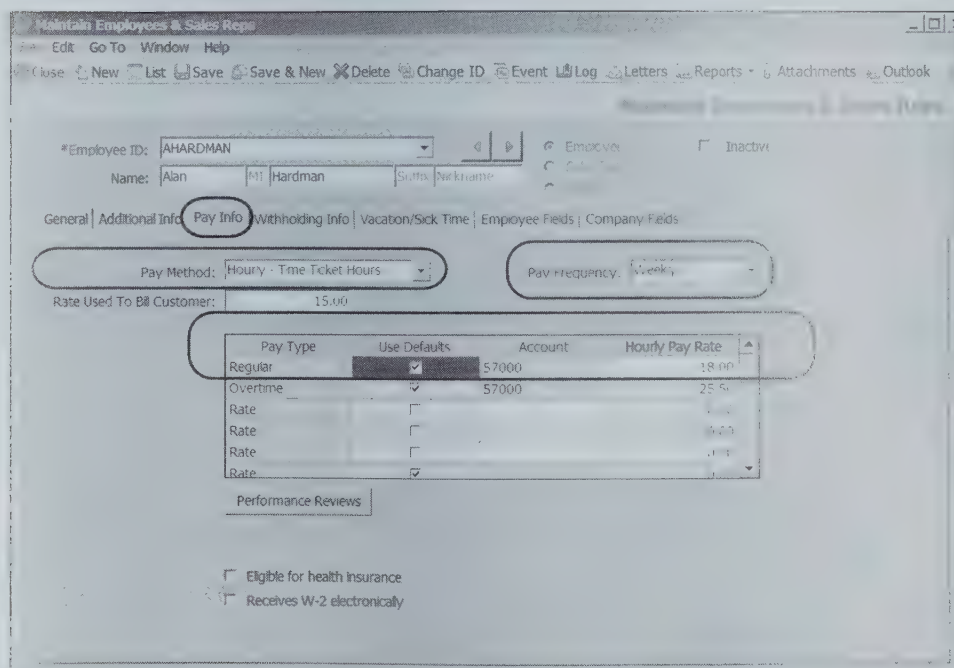
- Click  to close the Apply Tickets/Reimbursable Expenses window. You are returned to the O'Hara Homes Sales/Invoicing window.
- Close all windows to return to the Customers & Sales Navigation Center.

## Payroll

Payroll also needs to be set up. You do this by selecting Hourly-Time Ticket Hours for employees. Let's see how Stone Arbor Landscaping sets this up.



1. From the Navigation Bar, click  Employees & Payroll; link to  Employees; link to View and Edit Employees. The Employee List appears. Double-click AHARDMAN, Alan Hardman. Click on the Pay Info tab



**Maintain Employees & Sales Reps**

Edit Go To Window Help

Close New List Save Save & New Delete Change ID Event Log Letters Reports Attachments Outlook

#Employee ID: AHARDMAN Employee ☐ Inactive

Name: Alan MI: Hardman Suffix: Nickname

General | Additional Info | **Pay Info** | Withholding Info | Vacation/Sick Time | Employee Fields | Company Fields

Pay Method: Hourly - Time Ticket Hours Pay frequency: Weekly

Rate Used To Bill Customer: 15.00

Pay Type	Use Defaults	Account	Hourly Pay Rate
Regular	<input checked="" type="checkbox"/>	57000	18.00
Overtime	<input checked="" type="checkbox"/>	57000	25.50
Rate	<input type="checkbox"/>		0.00
Rate	<input type="checkbox"/>		0.00
Rate	<input type="checkbox"/>		0.00

Performance Reviews


☐ Eligible for health insurance  
☐ Receives W-2 electronically

Observe that Mr. Hardman's Pay Method is Hourly – Time Ticket Hours. He is paid weekly. Also notice that Mr. Hardman's regular pay account number is 57000.

2. Close all windows. If prompted, do not save this record.

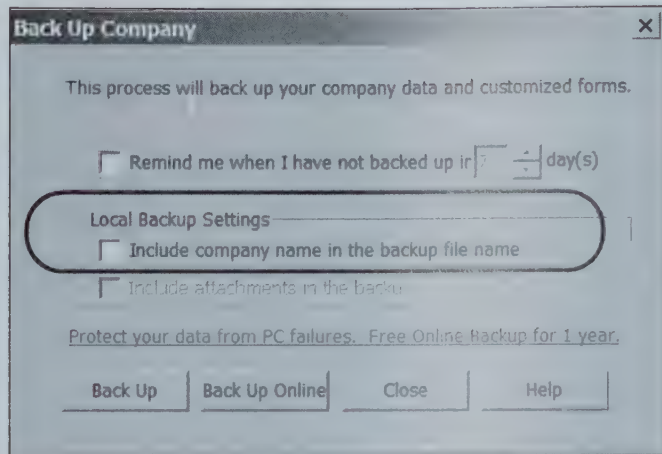
## BACKING UP CHAPTER 8 DATA


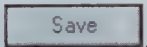

Follow these steps to back up Chapter 8 data:

1. From the Navigation Bar, click  Company; link to  Back up.



2. If necessary, uncheck the box next to Include company name in the backup file name.



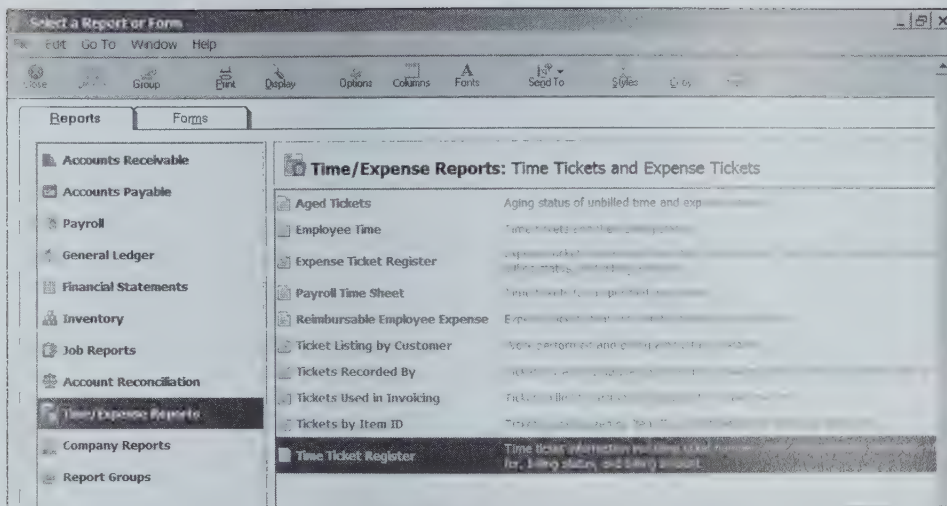
3. Click .
4. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 8** in the File name field.
5. Click .
6. When the window prompts that This company backup will require approximately 8.31MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 8. You are returned to the menu bar.
7. Click File, Exit to exit Peachtree or continue.

## EXPORT TIME TICKET REGISTER TO EXCEL

Follow these steps to export the Time Ticket Register to Excel.

1. From the Reports & Forms menu, select Time/Expense.

2. From the Select a Report or Form window, click **Time Ticket Register** to highlight it.



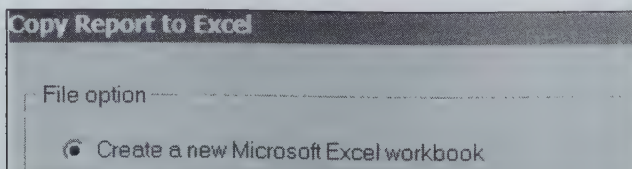
3. Click **Send To, Excel**.



4. The **Modify Report – Time Ticket Register** window appears, click



5. The **Copy Report to Excel** window appears. In the File option area, make sure **Create a new Microsoft Excel workbook** is selected.



6. In the Report header option area, Show header in Excel worksheet should be selected.

Report header option

☐ Send header to Page Setup in Excel

☒ Show header in Excel worksheet

7. Click **OK**. Stone Arbor Landscaping's Time Ticket Register is exported to Excel. Scroll down the Register. Ticket No. 282 for AHARDMAN is shown. The Time Tickets List window on p. 262 also shows this job. A partial Time Ticket Register, which was exported to Excel, is shown below.

Stone Arbor Landscaping						
Time Ticket Register						
For the Period From Mar 1, 2011 to Mar 31, 2011						
282	3/7/11	KGREENE	DESIGN - COMM	ZARA	Billable	420.00
284	3/7/11	AHARDMAN	INSTL LAND - RES	HUTCHEON 03-Installation	Billable	50.00
286	3/7/11	AHARDMAN	INSTL HARD - RES	HUTCHEON 03-Installation	Billable	360.00
287	3/7/11	JHENDERSON	WKLY MNTNCE - COMM	ASHF DRD 64 Maintenance	Billable	280.00
288	3/7/11	RDILLION	INSTL HARD - RES	HUTCHEON 03-Installation	Billable	20.00
289	3/7/11	SRULAND	INSTL LAND - RES			140.00
290	3/7/11	VRAHEZ	INSTL LAND - RES			200.00
291	3/8/11	KGREENE	DESIGN - COMM			400.00
292	3/8/11	AHARDMAN	INSTL HARD - RES			50.00
293	3/8/11	JHENDERSON	WKLY MNTNCE - COMM			280.00
294	3/8/11	RDILLION	INSTL HARD - RES			20.00
295	3/8/11	SRULAND	INSTL LAND - RES			140.00
296	3/8/11	VRAHEZ	INSTL LAND - RES			175.00
297	3/9/11	AHARDMAN	INSTL HARD - RES			20.00
298	3/9/11	JHENDERSON	WKLY MNTNCE - COMM			280.00
299	3/9/11	RDILLION	INSTL HARD - RES			20.00
300	3/9/11	SRULAND	INSTL LAND - RES			140.00
301	3/9/11	VRAHEZ	INSTL LAND - RES			20.00
302	3/12/11	AHARDMAN	INSTL HARD - COMM			48.00
303	3/12/11	JHENDERSON	WKLY MNTNCE - COMM			280.00
304	3/12/11	MHAYS	WKLY MNTNCE - COMM			280.00
305	3/12/11	RDILLION	INSTL HARD - COMM			480.00

8. Save. Use the file name **Chapter 8\_Time Ticket Register.xlsx**. Close all windows.

**INTERNET ACTIVITY**

1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 8. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 1 Internet Activities for Chapter 1-8. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	Scroll down the window to SEARCH ENGINES – Chapter 8. Read steps 1 and 2.
5.	Follow the steps shown on the textbook's website to complete this Internet activity.
6.	Use a word processing program to write a short summary of what you found. Your summary should be no more than 75 words.

**SUMMARY AND REVIEW**

Complete the following end-of-chapter activities:

1. Going to the net, page 271.
2. Multiple-choice questions, pages 272-273.
3. Exercises 8-1 and 8-2, page 274.
4. Assessment rubric, pages 274-275
5. Analysis question, page 275.
6. Chapter 8 Index, page 276.

**GOING TO THE NET**

Access this website to compare Peachtree products [www.peachtree.com/productsServices/compare/](http://www.peachtree.com/productsServices/compare/). (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 8.). Answer the following.

1. List five standard accounting features.
2. List five Peachtree Complete business management tools.
3. How many users does Peachtree Quantum support?

**Multiple Choice Questions:** In the space provided, write the letter that best answers each question.

- \_\_\_\_\_ 1. The focus of Chapter 8 is to:
- a. Complete a sales invoice.
  - b. Complete a payroll entry.
  - c. Complete defaults.
  - d. Look at PCA's time and billing features.
  - e. None of the above.
- \_\_\_\_\_ 2. In Chapter 8, you work with the sample company called:
- a. Bellwether Garden Supply.
  - b. Stone Arbor Graphic Design.
  - c. Franklin Botanical Gardens.
  - d. Abbott's Landscaping.
  - e. None of the above.
- \_\_\_\_\_ 3. The purpose of PCA's time and billing feature is to:
- a. Give you the tools to record customer-related work or expenses.
  - b. Track how much an employee earns.
  - c. Track how many sales invoices are completed in a month.
  - d. Record employee payroll.
  - e. None of the above.
- \_\_\_\_\_ 4. You use maintenance windows to set up:
- a. Payroll entries.
  - b. Sales/Invoicing.
  - c. Defaults.
  - d. Time tickets.
  - e. None of the above.
- \_\_\_\_\_ 5. Time tickets are used to:
- a. Record weekly or monthly information.
  - b. Record payroll.
  - c. Record time-based activities.
  - d. Track sales invoices.
  - e. None of the above.



- \_\_\_\_\_ 6. Expense tickets are used to:
- a. Track and aid in the recovery of customer-related expenses.
  - b. Record time-based activities such as research or consultants.
  - c. Track sales invoices.
  - d. Record payroll.
  - e. None of the above.
- \_\_\_\_\_ 7. Examples of expense ticket charge items are:
- a. Fixed asset accounts.
  - b. Inventory accounts.
  - c. Copying, faxing, court fees.
  - d. Research, consultants, writing reports.
  - e. None of the above.
- \_\_\_\_\_ 8. How many hours did Mr. Hardman work on March 12, 2011 completing the installation of decking/patio for O'Hara Homes?
- a. Three hours.
  - b. Four hours.
  - c. Five hours.
  - d. Six hours.
  - e. None of the above.
- \_\_\_\_\_ 9. Examples of time ticket activity items are:
- a. Copying, faxing, court fees.
  - b. Research, consultants, writing reports.
  - c. Inventory accounts.
  - d. Fixed asset accounts.
  - e. None of the above.
- \_\_\_\_\_ 10. The time ticket shows:
- a. How much was billed to a vendor.
  - b. How much was billed to a customer.
  - c. How much was billed to an employee.
  - d. Expenses minus revenue.
  - e. None of the above.

**Exercise 8-1:** Answer the following questions about time and billing.

1. Stone Arbor Landscaping's standard hourly billing rate for Installing hardscape for commercial customers is: \_\_\_\_\_
2. The tax status for installing hardscape for commercial customers is: \_\_\_\_\_
3. The general ledger account used for hardscape commercial is: \_\_\_\_\_
4. The item identification for installing hardscape for a commercial customer is: \_\_\_\_\_

**Exercise 8-2:** Answer the following questions.

1. O'Hara Homes 3/13/11 sales invoice is in the amount of? \_\_\_\_\_
2. The sales tax on the O'Hara Homes sales invoice is? \_\_\_\_\_
3. The account number for Alan Hardman's regular pay is? \_\_\_\_\_
4. How many hours did it take Alan Hardman to complete on the O'Hara job on March 15? \_\_\_\_\_

## ASSESSMENT RUBRIC

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 8, Assessment Rubric link. To review Peachtree's navigation centers, menu selections, and windows, complete the blank fields online.

Task	Navigation Center and Menu	Window
Timesheet		
Sales Invoice		
Payroll		

**ANALYSIS QUESTION**

What is the purpose of Peachtree's time and billing feature? Briefly explain time and billing.

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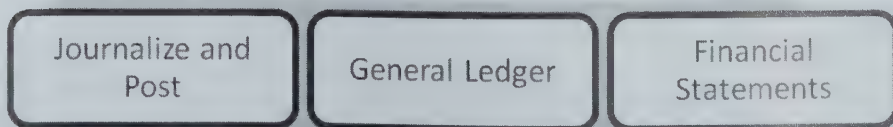
# Part 2

## Peachtree Complete Accounting 2011 for Service Businesses

In Part 2 of *Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15<sup>th</sup> Edition*, you are the owner of an accounting practice. Your accounting business does monthly record keeping for local service businesses.

In Chapters 9, 10, 11, Projects 1 and 1A (Part 2), you use Peachtree to set up four service businesses, complete the accounting cycle, and close the fiscal year. In Part 2, entries are recorded in the Receipts window (Cash Receipts Journal) and the Write Checks window (Cash Disbursements Journal). Also, adjusting entries are recorded in the General Journal. At the end of each month, you reconcile the bank statement and print the general ledger trial balance and financial statements. At the end of the fourth quarter, you use Peachtree to complete end-of-quarter adjusting entries, print the adjusted trial balance, print financial statements, close the fiscal year, and print a postclosing trial balance.

After entering deposits and payments, the next step is to post them to the general ledger. One of the best features of a computerized accounting system is how quickly **posting** is done. Once entries are recorded and checked for accuracy, posting is a click of the mouse. All entries are posted to the correct accounts in the general ledger and account balances are calculated—fast, easy, and accurate. Think of it as a process where journalizing and posting is the first step, then ledgers and financial statements are next. The diagram below illustrates this process.





Remember the accuracy of your general ledger and financial statement reports depends on the accuracy of the entries recorded on the Write Checks and Receipts windows. An added feature is that once entries are posted, account reconciliation is completed.

Chapters 9, 10 and 11 work together. The service businesses set up in Chapter 9 are continued in Chapters 10 and 11. Part 2 ends with two comprehensive projects. Part 2 includes:

- Chapter 9: New Company Setup and Beginning Balances
- Chapter 10: Maintaining Accounting Records for Service Businesses
- Chapter 11: Completing Quarterly Activities and Closing the Fiscal Year
- Project 1: Sharon Albert, Accounting
- Project 1A: Student-Designed Service Business

Part 2 includes three chapters and two projects. Chapters 9, 10, and 11 and Projects 1 and 1A. In Chapters 9, 10, and 11, you set up two service businesses from scratch—Mike Parry Design and Art by Student Name (after Art by, students should use their first and last name). You complete accounting tasks for the fourth quarter—October, November and December 2011. You also complete end-of-quarter adjusting entries. At the end of Chapter 9, a new service business is set up in Exercise 9-1. The service business set up in Exercise 9-1 is continued in Exercises 9-2, 10-1, 10-2, 11-1 and 11-2.

In Project 1, you complete the accounting cycle for Sharon Albert, Accounting. This project gives you an opportunity to apply what you have learned in Chapters 9, 10, and 11. At the end of Project 1, there is a Check Your Progress assessment.

Project 1A is an opportunity to design a service business of your own. You select a chart of accounts, write and journalize transactions, reconcile the bank statement, and complete the accounting cycle for the business.

The chart on pages 279-280 shows the size of the backups made in Part 2—Chapters 9, 10, 11, and Project 1. The textbook steps explain how to back up to Peachtree's default hard drive location at C:\Sage\Peachtree\Company\[shortened company name]. *You can also specify a hard drive location; or, back up to external media, such as, a USB drive; or CD-R; DVD-R.*

The chart also shows the files that are exported to Excel in Chapters 9, 10, 11, and Project 1.

Chapter	Backup (.ptb) Excel (.xlsx)	Kilobytes	Pages Nos.
9	Chapter 9 Chart of Accounts.ptb	1,295 KB	298-301
	Chapter 9 Beginning Balances.ptb	1,337 KB	314
	Chapter 9_Chart of Accounts and Beginning Balances.xlsx	16 KB	315-317
	Exercise 9-1.ptb	1,287 KB	322-323
	Exercise 9-2.ptb	1,290 KB	325-326
	Exercise 9-2_Chart of Accounts and Beginning Balances.xlsx	18 KB	326
10	Chapter 10 Transaction Register October.ptb	1,361 KB	340
	Chapter 10 October.ptb	1,375 KB	352
	Chapter 10_October Balance Sheet and Income Statement.xlsx	17 KB	352-354
	Exercise 10-1.ptb	1,320 KB	359
	Exercise 10-2.ptb	1,327 KB	361
	Exercise 10-2_October Balance Sheet and Income Statement.xlsx	16 KB	361
11	Chapter 11 November.ptb	1,386 KB	378-379
	Chapter 11 December UTB.ptb	1,396 KB	386-387
	Chapter 11 December.ptb	1,402 KB	398
	Chapter 11_Financial Statements.xlsx	25 KB	398-399
	Chapter 11 EOY.ptb	1,412 KB	405-406
	Chapter 11_Postclosing Trial Balance.xlsx	12 KB	406
	Asset depreciation.xlsx(Going to the Net)	14 KB	407-408
	Exercise 11-1.ptb	1,341 KB	413
	Exercise 11-2 Unadjusted Trial Balance.ptb	1,371 KB	415
	Exercise 11-2 Financial Statements.ptb	1,377 KB	416

Chapter	Backup (.ptb) Excel (.xlsx)	Kilobytes	Pages Nos.
11	Exercise 11-2_Financial Statements.xlsx	28 KB	416
	Exercise 11-2 End of Year.ptb	1,385 KB	416
	Exercise 11-2_Postclosing Trial Balance.xlsx	11 KB	416
Project 1	Sharon Albert Chart of Accounts.ptb	1,291 KB	422
	Sharon Albert Beginning Balances.ptb	1,294 KB	423
	Sharon Albert UTB.ptb	1,325 KB	425
	Sharon Albert December.ptb	1,324 KB	426
	Sharon Albert_Financial Statements.xlsx	28 KB	426
	Sharon Albert EOY.ptb	1,334 KB	426
	Sharon Albert_Postclosing Trial Balance.xlsx	12 KB	426

The extension for Excel 2007 files is .xlsx. If you are using Excel 2003, the extension is .xls.



#### Read Me: Problem Backing Up to USB Drive

If you encounter difficulties backing up to an external USB drive, backup to your desktop first. Then, copy the backup file from the desktop to the USB drive. Refer to Appendix A, Problem Backing Up to USB Drive or Other External Media, pages 771-772 for detailed steps.

## Chapter

# 9

## New Company Setup and Beginning Balances

### LEARNING OBJECTIVES

1. Set up company information for Mike Parry Designer.
2. Select a Service Company from the simplified chart of accounts list.
3. Edit the chart of accounts.
4. Enter beginning balances.
5. Use Windows Explorer to see the company's file size.
6. Export the chart of accounts and beginning balances to Excel.
7. Complete the Internet Activity online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
8. Make four backups and save two Excel files.<sup>1</sup>

Chapter 9 begins Part 2 of the book—Peachtree Complete Accounting 2011 for Service Businesses. In this part of the book you are the owner of an accounting practice that does the monthly record keeping for several service businesses.

The chapters in Part 2 work together--the service businesses set up in Chapter 9 are continued in Chapters 10 and 11. The two businesses set up in Chapter 9 are Mike Parry Designer, and another service business in Exercise 9-1, Art by Your Name. In Chapter 9, you set up a service business using one of PCA's sample companies. Then, edit a chart of accounts and enter beginning balances.

### GETTING STARTED: NEW COMPANY SETUP

Mike Parry is a designer and educator. His sources of income are: design work, book royalties, and part-time teaching at Milwaukee Community College. He is single and has no dependents.

---

<sup>1</sup>Refer to the chart on pages 279-280 for the file names and size of backups and Excel files.

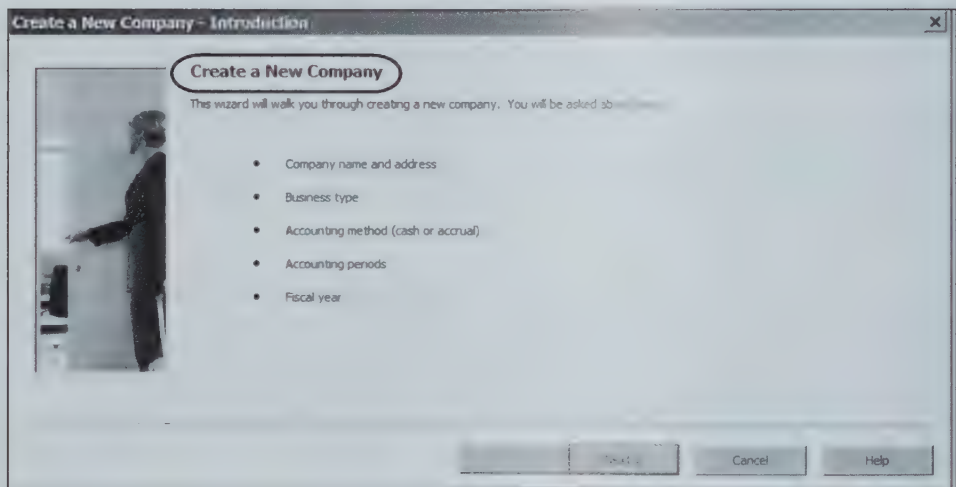


Follow these steps to set up the company, Mike Parry Designer. (Hint: The arrow indicates a flash video at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011). Link to Student Edition; select Chapter 9, Flash Videos. Set up a new company.)

1. Start Peachtree. (If a company opens, click File: Close Company.)
2. At the Peachtree Accounting startup window, click



The Create a New Company window appears. Read the information.



3. Click . Type the company information shown on the next page. Press the <Tab> key between each field.



*Company Information*

Company Name: **Mike Parry Designer (use your name)<sup>2</sup>**  
Address Line 1: **1213 River Road**  
City, State, Zip: **Milwaukee, WI 53217**  
Country: **USA**  
Telephone: **414-555-6788**  
Fax: **414-555-3118**  
Business Type: Select Sole Proprietorship  
Web Site: **www.mikeparry.com**  
E-Mail: **info@mikeparry.com**

Compare the Enter your company information window to the one below. *The company name field should show your first and last name Designer. Do not complete the ID fields. (Hint: Observe that there is a red asterisk next to Company Name. The asterisk indicates a required field.)*

Create a New Company - Company Information

\* Enter your company information

Type your first and last name instead of Mike Parry

Company Name: Mike Parry Designer Business Type: SELECTED BUSINESS TYPE

Address Line 1: 1213 River Road Federal Employer ID:

Address Line 2: State Employer ID:

City, State, Zip: Milwaukee WI 53217 St. Unemployment ID:

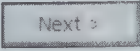
Country: USA

Telephone: 414-555-6788 Web Site: www.mikeparry.com

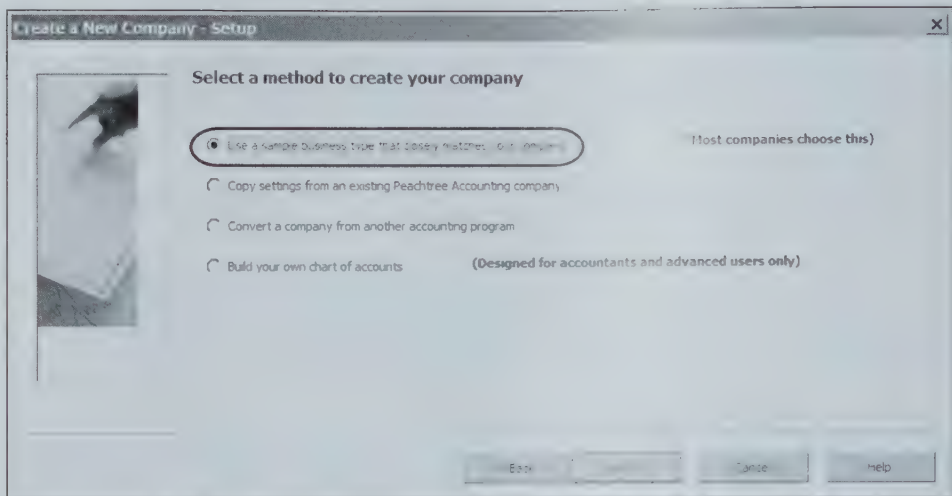
Fax: 414-555-3118 E-mail: info@mikeparry.com

Note: You can edit this information after your company is created.

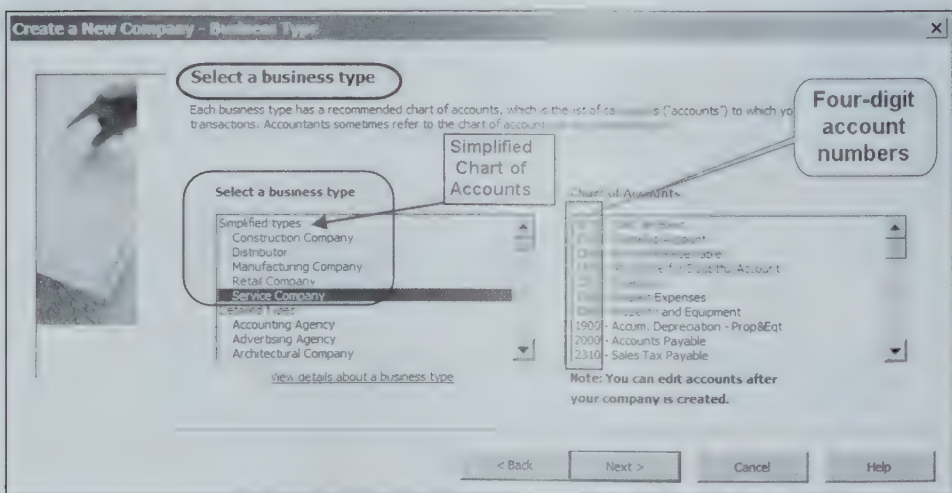
< Back Next > Cancel Help

4. Check the information you just typed, then click . The Select a method to create your company window appears.

<sup>2</sup>Boldface indicates information that you type. Substitute your name for Mike Parry. If you use your first and last name Designer as the company name, Peachtree printouts show your name.



5. Accept the default to Use a sample business type that closely matches your company (**Most companies choose this**). Click **Next >**.
6. Read the information about selecting a business type. Observe that the Select a business type list shows Service Company selected, and that the Chart of Accounts shows four digits for the account numbers. This is one of PCA's simplified chart of accounts.



7. Make sure that Service Company is highlighted; click **Next >**. The Choose an accounting method window appears.

**Create a New Company - Accounting Method**

**Choose an accounting method**

The accounting method defines when you record income and expenses on your books.

☒ **Accrual** (Most companies choose this)

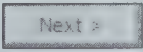
Income is recorded when a sale occurs, regardless of when you actually receive the money; you receive goods or services, even though you may not pay the bills for them until a later date.

☐ **Cash**

Income is recorded when you receive the money. Expenses are recorded when you pay the bills.

**Note:** This cannot be changed after your company is created.

< Back   Next >   Cancel   Help

8. Accept the default for Accrual, by clicking . The Choose a posting method window appears.

**Create a New Company - Posting Method**

**Choose a posting method**

Posting is the process of recording a transaction on your company's books.

☒ **Real Time** (Most companies choose this)

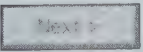
Each transaction is posted as it is entered and saved.

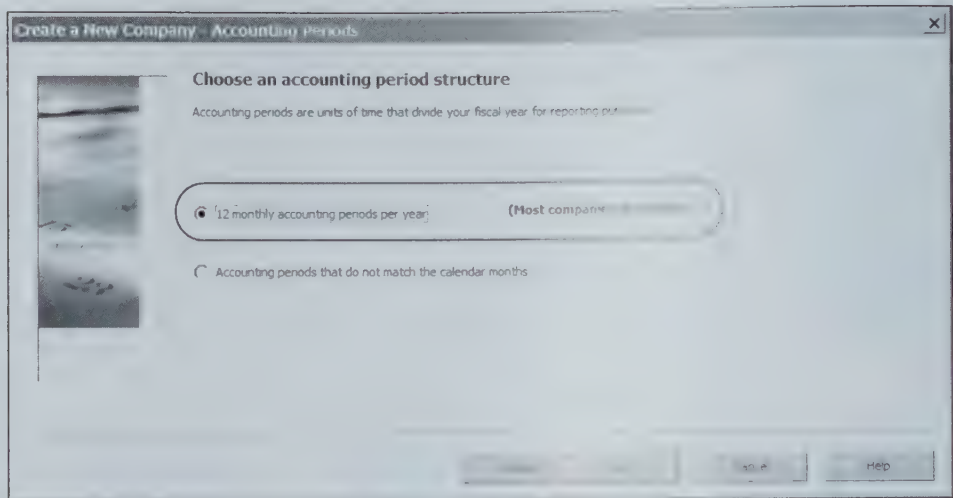
☐ **Batch**

Transactions are saved, then posted as a group in a second step. This gives you a chance to review for accuracy before posting.

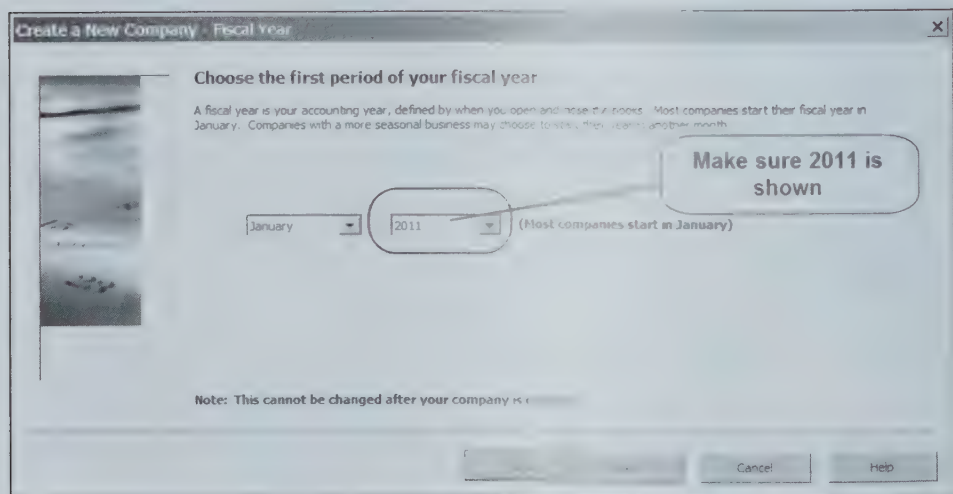
**Note:** You can change the posting method at any time on the Maintain Company Information screen.

< Back   Next >   Cancel   Help

9. Accept the default for Real Time posting, by clicking . The Choose an accounting period structure window appears.

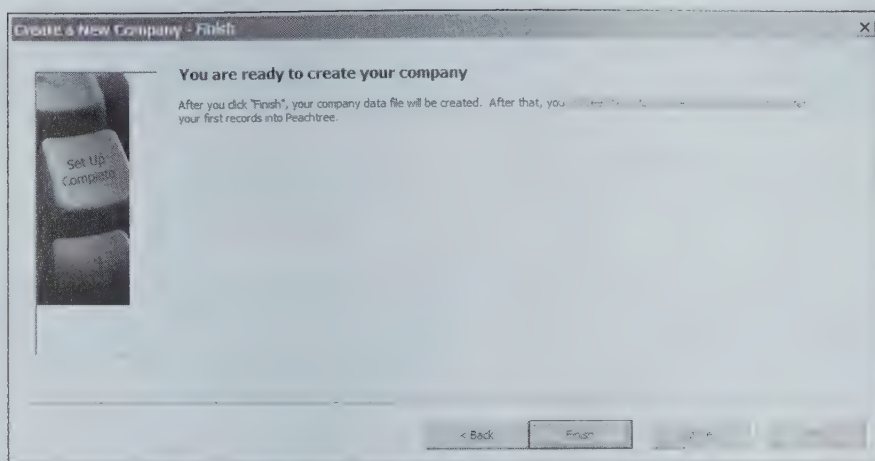


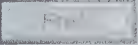
10. Accept the default for 12 monthly accounting periods per year by clicking **Next >**. The Choose the first period of your fiscal year window appears. Select 2011.






11. Make sure the Choose the first period of your fiscal year window shows January 2011. **This window is important. It cannot be changed after your company is created.** Click **Next >**. The You are ready to create your company window appears.


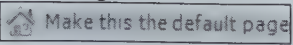





12. Read the information on the Finish window. Click . After a few moments (be patient), the Mike Parry Designer - Peachtree Accounting window appears. (Substitute your first and last name for Mike Parry.)

If a Tell Us What you Think! widow appears, click of the box next to Don't ask me again, then select .

13. When the Setup Guide window appears, click on the box next to  Don't show this screen at startup. Click . Read the Peachtree Setup Guide window. Click .

14. On the Navigation Bar, click . To set the Business Status Navigation Center as your default page, from the toolbar select . When you open Mike Parry Designer, the Business Status Navigation Center will open.

15. On the toolbar (below the menu bar and Business Status), click on the Period button . The Change Accounting Period window appears. Click 10 – Oct 01, 2011 to Oct 31, 2011 to highlight it. Compare your Change Accounting Period window to the one shown on the next page.



**Change Accounting Period** [X]

Cancel OK Help

To change your current accounting period, from the list select the period you want to operate in. Moving forward, each new accounting period. If a "lock" icon appears next to a period, it restricts certain Peachtree users from changing the period prior to the currently open one.

**Period 10 - Oct 01, 2011 to Oct 31, 2011**

Open Accounting Period

01 - Jan	01, 2011 to	31, 2011
02 - Feb	01, 2011 to	28, 2011
03 - Mar	01, 2011 to	31, 2011
04 - Apr	01, 2011 to	30, 2011
05 - May	01, 2011 to	31, 2011
06 - Jun	01, 2011 to	30, 2011
07 - Jul	01, 2011 to	31, 2011
08 - Aug	01, 2011 to	31, 2011
09 - Sep	01, 2011 to	30, 2011
<b>10 - Oct</b>	<b>01, 2011 to</b>	<b>31, 2011</b>
11 - Nov	01, 2011 to	30, 2011
12 - Dec	01, 2011 to	31, 2011
13 - Jan	01, 2012 to	31, 2012
14 - Feb	01, 2012 to	29, 2012
15 - Mar	01, 2012 to	31, 2012
16 - Apr	01, 2012 to	30, 2012
17 - May	01, 2012 to	31, 2012
18 - Jun	01, 2012 to	30, 2012
19 - Jul	01, 2012 to	31, 2012
20 - Aug	01, 2012 to	31, 2012
21 - Sep	01, 2012 to	30, 2012
22 - Oct	01, 2012 to	31, 2012
23 - Nov	01, 2012 to	30, 2012
24 - Dec	01, 2012 to	31, 2012

Current Accounting Period

10 - Oct 01, 2011 to Oct 31, 2011

Open Fiscal Years

January 1, 2011 to December 31, 2011


January 1, 2012 to December 31, 2012

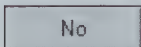
Open Payroll Tax Years:

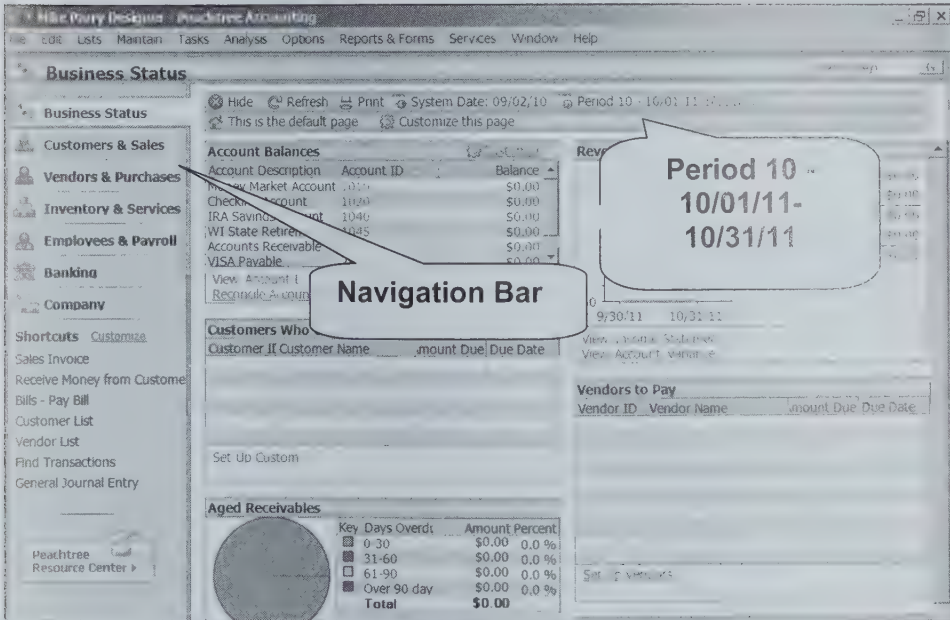
January 1, 2011 to December 31, 2011

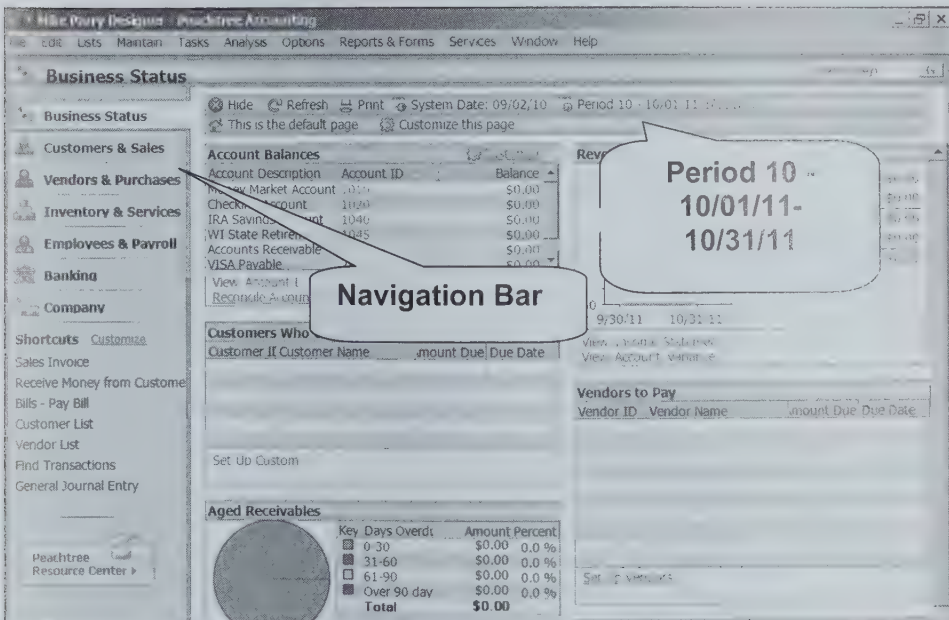
January 1, 2012 to December 31, 2012

16. Make sure Period 10 is selected. October 2011 is the first

month for recording transactions. Click . If a window prompts that transactions may need to be reviewed, click on the box next to Do not display this message again. Then, click



17. Check that Period 10 – 10/01/11-10/31/11 appears on the tool bar  

 The Period appears next to the System Date, which is the current (today's) date. Compare your Business Status Navigation Center with the one shown below. A partial window is shown. Scroll down to see all the information. (*Hint: Depending on your screen resolution, your Business Status Navigation Center may look different.*)



**Read Me:** What is Peachtree's shortened name?

- From the menu bar, select Help; Customer Support and Service, File Statistics.

Peachtree displays the company shortened name on the title bar. The Data File Statistics for XXXXXXXX window appears. (Substitute the Xs with your shortened name.) This represents the shortened name of the currently open company. Observe that there is also a Directory field at the bottom of the Data File Statistics window. The directory where Mike Parry Designer resides on the computer is C:\Sage\Peachtree\Company\mikparde. (Since you used your first and last name, the first six characters of the shortened name will differ.) Your company directory may differ. The location of Mike Parry Designer is shown in the next section, Company Maintenance Information.

- Click  to close the Date File Statistics window.

## Company Maintenance Information

Follow these steps to see information.

1. From Peachtree's menu bar, select Maintain: Company Information.
2. Compare these fields to the company information on page 283. They should agree. Notice that the Directory field shows the default location where your company is stored: C:\Sage\Peachtree\Company\mikparde. (Since you used your first and last name, the Directory field ends with the shortened company name assigned by Peachtree. For example, if your company name is Janet Williams Designer, the Directory field ends in \janwilde. *(Hint: Your Directory field may differ. Refer to Company Data Files Locations, page xviii.)*

**Maintain Company Information**

Company Name: Mike Parry Designer

Address: 1213 River Road

City, ST Zip: Milwaukee WI 53217

Country: USA

Telephone: 414-555-1008 Fax: 414-555-1110

State Employer ID: Fed Employer ID:

State Unemployment ID: Form of Business:


Directory: C:\Sage\Peachtree\Company\janwilde

Posting Method: Real-time Accounting Method: Accrual

Direct Deposit: Inactive

Peachtree Managed Payroll: Inactive

Callouts:  
 - Company Name field shows your first and last name Designer  
 - Shortened company name

3. Click  to return to the Business Status Navigation Center.

## CHART OF ACCOUNTS

The chart of accounts is a list of all the accounts in the general ledger. When you selected Service Company from the list of business types, a chart of accounts was included. Follow these steps to edit PCA's sample chart of accounts.

## Delete Accounts

1. From the Business Status Navigation Center, link to View Account List. The Account List appears. (Or, you can use the menu bar. Select Maintain; Chart of Accounts; in the Account ID field, click the down-arrow, continue with step 2.)
2. Double click Account ID, 1150, Allowance for Doubtful Account. The Maintain Chart of Accounts window appears.

**Maintain Chart of Accounts**

File Edit Go To Window Help

Close New List Save Save & New **Delete** Change ID Reports

**Maintain Chart of Accounts**

\*Account ID: 1150 [Inactive]

Description: Allowance for Doubtful Account

\*Account Type: Accounts Receivable

Account Beginning Balances

Period History	Debits	Credits	Period Activity	Running Balance
Oct 31, 2011				
Sep 30, 2011				
Aug 31, 2011				
Jul 31, 2011				
Jun 30, 2011				
May 31, 2011				
Apr 30, 2011				
Mar 31, 2011				
Feb 28, 2011				

3. Click **Delete**.

4. The Peachtree Accounting - Are you sure you want to delete this record? window appears.

**Peachtree Accounting**

Are you sure you want to delete this record?

Yes No



5. Click

Yes

6. Delete the accounts shown on the chart below. (Hint: On the Maintain Chart of Accounts window, type the account number in the Account ID field to expedite editing the chart of accounts.)

Acct. ID	Account Description
2310	Sales Tax Payable
2320	Deductions Payable
2330	Federal Payroll Taxes Payable
2340	FUTA Payable
2350	State Payroll Taxes Payable
2360	SUTA Payable
2370	Local Taxes Payable
2500	Current Portion Long-Term Debt
2700	Long-Term Debt-Noncurrent
4300	Other Income
5900	Inventory Adjustments
6050	Employee Benefit Programs Exp
6250	Other Taxes Expense
6650	Commissions and Fees Expense
7100	Gain/Loss - Sale of Assets Exp


### Change Accounts

To change the name of an account, follow these steps:

1. On the Maintain Chart of Accounts window, type **3920**; Press <Tab> or <Enter>. Owner's Contribution appears in the Description field.
2. Highlight the Description field. Type **Mike Parry, Capital** (use your first and last name, Capital). Press <Tab> or <Enter>.



3. In the Account Type field, click on the down arrow. Select Equity-doesn't close.

4. Click .
5. Change the names of the accounts shown below and on the next page. (*Hint: When you change the Account Description, you do not need to change the Account Type.*)

Acct. ID	Account Description	New Account Description
1010	Cash on Hand	Money Market Account
1400	Prepaid Expenses	Prepaid Rent
1500	Property and Equipment	Computer Equipment
1900	Accum. Depreciation – Prop&Eq	Accum. Depreciation – Comp Eqt
2000	Accounts Payable	VISA Payable
2400	Customer Deposits	Publisher Advances
3930	Owner's Draw	Mike Parry, Draw (your name, Draw)
4000	Professional Fees	Teaching Income

Continued

Acct. ID	Account Description	New Account Description
4050	Sales of Materials	Royalty Income
6100	Payroll Tax Expense	Dues and Subscriptions
6150	Bad Debt Expense	Auto Registration
6550	Other Office Expense	Long Distance Co.
6850	Service Charge Expense	Bank Service Charge
7050	Depreciation Expense	Depreciation - Comp Eqt

### Add Accounts

To add an account to the Chart of Accounts, follow these steps:

1. On the Maintain Chart of Accounts window, click the **New** button.
2. In the Account ID field, type **1040** and press **<Enter>**.
3. In the Description field, type **IRA Savings Account** and press **<Enter>**.
4. In the Account Type field, click on the down arrow. A list of account types drops down. Make sure that **Cash** is highlighted. If not, click once on Cash to select it.

**Maintain Chart of Accounts**

File Edit Go To Window Help

Close New List Save Save & New Delete

**Chart of Accounts**

Account ID: 1040 Inactive

Description: IRA Savings Account

\*Account Type: Cash

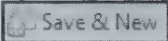
**Account Beginning Balances**

Period History	Debits	Credits	Running Balance
Oct 31, 2011			
Sep 30, 2011			
Aug 31, 2011			
Jul 31, 2011			
Jun 30, 2011			
May 31, 2011			
Apr 30, 2011			
Mar 31, 2011			
Feb 28, 2011			

**Read Me:** *Why is the Account Type field important?*


Observe that the Account Type field shows Cash. This is an important field—the Account Type field classifies each account for the financial statements. For example, Account No. 1040, IRA Savings Account, is classified as Cash, which means this account will appear on the Balance Sheet, Statement of Cash Flow, and the Statement of Financial Position; but *not* on the Income Statement or Statement of Retained Earnings.

*Always check that the Account Type field is correct so that accounts will be organized correctly on the financial statements.*

5. Click . (Hint: What is the difference between Save & New and Save? If you click Save, the Account Type does not change. If you have a couple of accounts with the same Account Type, click Save, then change the Account ID and Description. The Account Type stays the same.)

Add the following accounts:

Acct. ID	Account Description	Account Type
1045	WI State Retirement	Cash
1300	Prepaid Insurance	Other Current Assets
1450	Supplies	Other Current Assets
1510	Furniture	Fixed Assets
1520	Automobile	Fixed Assets
1910	Accum. Depreciation – Furnitur	Accumulated Depreciation
1920	Accum. Depreciation – Automobi	Accumulated Depreciation
6560	Internet Service Provider	Expenses
7060	Deprec. Exp. - Furniture	Expenses
7070	Deprec. Exp. - Automobile	Expenses

6. Click  after completing the Chart of Accounts. If necessary, close all windows. You are returned to the Business Status Navigation Center.


---

### Displaying the Chart of Accounts

1. From the menu bar, click Reports & Forms: General Ledger.
2. At the Select a Report or Form window, click on the Chart of Accounts to highlight it.

3. Select .

#### Comment

Move the mouse to the blue arrows  between columns. The cursor becomes a crossbar. Left click on the crossbar and drag the mouse to the right. After you have adjusted the Account Description column, click on the Print icon to print the chart of accounts. When you click on the Close icon, a window prompts that The report has been modified. Do you want to save it? Click No.

4. Compare your chart of accounts to the one on the next page.

## Mike Parry Designer

## Chart of Accounts

As of Oct 31, 2011

Filter Criteria includes: Report order is by ID. Report is printed with Accounts having Zero Amounts and in Detail Format.


Account I	Account Description	Active?	Account Type
1010	Money Market Account	Yes	Cash
1020	Checking Account	Yes	Cash
1040	IRA Savings Account	Yes	Cash
1045	WI State Retirement	Yes	Cash
1100	Accounts Receivable	Yes	Accounts Receivable
1200	Inventory	Yes	Inventory
1300	Prepaid Insurance	Yes	Other Current Assets
1400	Prepaid Rent	Yes	Other Current Assets
1450	Supplies	Yes	Other Current Assets
1500	Computer Equipment	Yes	Fixed Assets
1510	Furniture	Yes	Fixed Assets
1520	Automobile	Yes	Fixed Assets
1900	Accum. Depreciation - Comp Eqt	Yes	Accumulated Depreciation
1910	Accum. Depreciation - Furnitur	Yes	Accumulated Depreciation
1920	Accum. Depreciation - Automobi	Yes	Accumulated Depreciation
2000	VISA Payable	Yes	Accounts Payable
2380	Income Taxes Payable	Yes	Other Current Liabilities
2400	Publisher Advances	Yes	Other Current Liabilities
3910	Retained Earnings	Yes	Equity-Retained Earnings
3920	Mike Parry, Capital	Yes	Equity-doesn't close
3930	Mike Parry, Draw	Yes	Equity-gets closed
4000	Teaching Income	Yes	Income
4050	Royalty Income	Yes	Income
4100	Interest Income	Yes	Income
4200	Finance Charge Income	Yes	Income
4900	Sales/Fees Discounts	Yes	Income
5000	Cost of Sales	Yes	Cost of Sales
5400	Cost of Sales-Salary & Wage	Yes	Cost of Sales
6000	Wages Expense	Yes	Expenses
6100	Dues and Subscriptions	Yes	Expenses
6150	Auto Registration	Yes	Expenses
6200	Income Tax Expense	Yes	Expenses
6300	Rent or Lease Expense	Yes	Expenses
6350	Maintenance & Repairs Expense	Yes	Expenses
6400	Utilities Expense	Yes	Expenses
6450	Office Supplies Expense	Yes	Expenses
6500	Telephone Expense	Yes	Expenses
6550	Long Distance Co.	Yes	Expenses
6560	Internet Service Provider	Yes	Expenses
6600	Advertising Expense	Yes	Expenses
6800	Freight Expense	Yes	Expenses
6850	Bank Service Charge	Yes	Expenses
6900	Purchase Disc-Expense Items	Yes	Expenses
6950	Insurance Expense	Yes	Expenses
7050	Deprec. Exp. - Comp Eqt	Yes	Expenses
7060	Deprec. Exp. - Furniture	Yes	Expenses
7070	Deprec. Exp. - Automobile	Yes	Expenses


Carefully check the Account Type column. Peachtree's account types classify each account for the financial statements.



Observe that the chart of accounts is dated As of Oct 31, 2011. Since Peachtree posts on the last day of the month, your reports will show October 31, 2011 as the date.

Notice that Mike Parry's chart of accounts includes Account No. 3910, Retained Earnings. At the end of every fiscal year, the temporary owner's equity accounts (revenue, expenses, and drawing) are closed to a permanent owner's equity account. In PCA, there are two permanent owner's equity accounts: the owner's capital account and the Retained Earnings account. PCA closes the temporary accounts to the Retained Earnings account. This will be discussed in more detail in Chapter 11 when you close the fiscal year. In order to post to the general ledger, Peachtree requires a Retained Earnings account.

5. To print the Chart of Accounts, click . When the Print window appears, make the selections to print.

6. Click  two times to return to the Business Status Navigation Center. If you need to edit the Chart of Accounts, select Maintain, then Chart of Accounts, or from the Business Status Navigation Center, link to View Account List.

## BACKING UP THE CHART OF ACCOUNTS

When using PCA, information is automatically saved to the hard drive of the computer. In a classroom setting, a number of students may be using the same computer. This means that when you return to the computer lab, your data will be gone. Backing up data simply means saving it to a hard drive location or external media. Saving data (backing up) means that it will be available when you want to work again.

In this textbook, detailed steps are shown for backing up to Peachtree's default location: C:\Sage\Peachtree\Company\mikparde [or, your shortened name]. The chart on pages 279-280 shows the size of backup files. (*Hint:* Your default location may differ. Refer to File Management, pages xvii-xviii.)

When the backup is made, you are saving the new company set up information (pages 281-289) and the revised chart of accounts (pages 290-298).


**Comment**

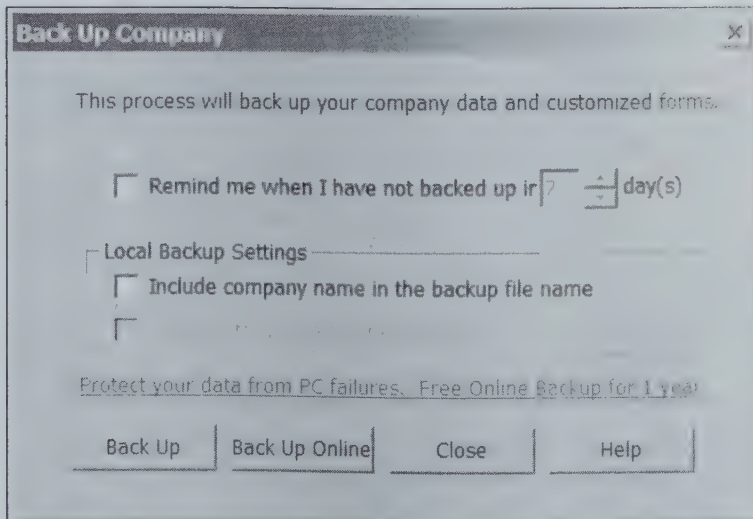
When a back up is made, you are saving to the current point in Peachtree. Each backup made should have a different backup name (file name) to distinguish one backup from another. In this way, if you need to restore to an earlier backup, you have the data for that purpose.

Remember, you can Restore if you need to go back to an earlier point in the company's data. Without a backup file, you cannot go back to an earlier point in the data. Since Chapters 9 and 10 work together, your backup files are important.

In the business world, backups are unique to each business: daily, weekly, monthly. *Remember, back up before you leave the computer lab!*

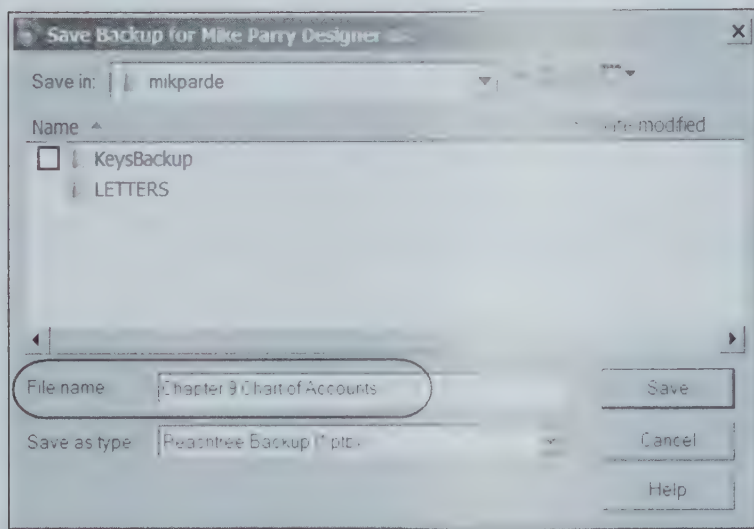
Follow these steps to back up Mike Parry's company and the chart of accounts.

1. From the Navigation Bar, click . In the Data Maintenance list, link to Back up. The Back Up Company window appears. Read the information on this window. (Make sure the Include company name in the backup file name is *unchecked*.)



2. Click .

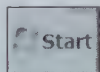
3. The Save Backup for Mike Parry Designer [your name Designer] as window appears. The instructions that follow assume the default location is used for backing up. *If you are backing up to a specific hard drive location or to external media, select the appropriate location in the Save in field.*
4. Type **Chapter 9 Chart of Accounts** in the File name field.



Observe that the Save as type field shows that you are making a Peachtree Backup (\*.ptb), which is abbreviated ptb. This is the standard default for Peachtree backups.

#### Comment

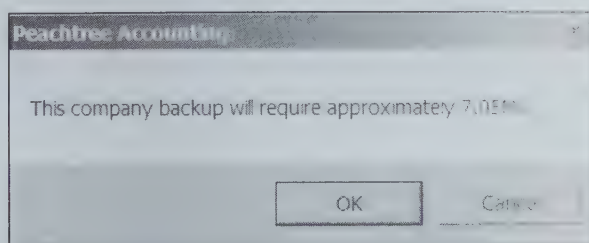
If you do *not* have a .PTB extension, follow these steps:

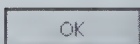


1. Click [Start button], then All Programs. Select Accessories, then Windows Explorer. (*Hint: You can also right-click on the Start button; left-click Explore. These instructions are consistent with Windows Vista.*)
2. Select Organize; Folder and Search Options.
3. On the Folder Options window, click the View tab. Make sure the Hide extensions for known files types box is *unchecked*.
4. Click [OK]. Close Windows Explorer. Your PCA files will now have file extensions.

5. Click .

6. A window appears that says This company backup will require approximately 7.05MB.



7. Click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in the company's data.




#### Read Me: Problem Backing Up to USB Drive

If you encounter difficulties backing up to an external USB drive, backup to your desktop first. Then, copy the backup file from the desktop to the USB drive. Refer to Appendix A, Problem Backing Up to USB Drive or Other External Media, pages 771-772 for detailed steps.

Some USB drives work better than others for backing up directly from Peachtree to the thumb drive.

Follow these steps to see the size of the backup file.



1. Right-click  [start button]; left-click Open Windows Explorer.
2. Go to the location of your backup file. If you backed up to the default location, it is C:\Sage\Peachtree\Company\mikparde [or, your company's shortened name]. (*Hint:* Your default location may differ. Refer to File Management, pages xvii-xvii.)
3. If necessary, open the mikparde folder. If you used your first and last name, your folder name differs.




	Name	Type	Size
<input checked="" type="checkbox"/>	Chapter 9 Chart of Accounts.ptb	PTB File	1,295 KB

The Name of the file is Chapter 9 Chart of Accounts.ptb, the Type is PTB File, the Size of the file is 1,295 KB. (*Your file size may differ slightly.*) As mentioned earlier, the textbook directions show how to back up to Peachtree's default hard drive location. Backups can also be made to other hard drive locations or external media. Close Windows Explorer.

## RESTORING COMPANY DATA

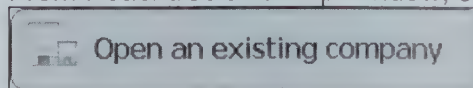
After completing new company setup and editing the chart of accounts, you backed up (saved) Mike Parry Designer company information. In order to start where you left off the last time you backed up, use Peachtree's Restore Wizard.

In the steps that follow you are shown how to restore the Peachtree backup file (.ptb extension). You made this backup on pages 299-301. Peachtree backups are compressed files which means that the file is made smaller.

1. Start Peachtree.
2. These instructions assume that the Mike Parry [your name] Designer - Peachtree Accounting window appears. If *not*, click File; Close Company. If a screen prompts to keep two companies open, select . Open Mike Parry [your name] Designer.

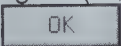
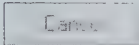
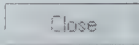

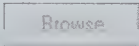
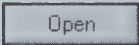

➤ **Troubleshooting: What if Mike Parry Designer (or another name Designer) is not shown?**

- a. Click File; Close Company.
- b. From Peachtree's startup window, select



- c. Click . The Open Company window appears.



- d. If Mike Parry Designer (or, other name Designer) is shown select it, and then click . Go to page 304, step 3, and follow the steps to restore your data.
- e. If *no Designer company is shown*, click  then .
- f. There are four menu bar options—. Click File; Restore.
- g. The Select Backup File window appears. Click . In the Look in field, select the appropriate location of your backup file. If necessary, put external media in the drive and open the backup file from that location.
- h. Select the Chapter 9 Chart of Accounts.ptb backup file; click .
- i. Make sure the Location field shows the Chapter 9 Chart of Accounts.ptb backup file. Click .
- j. The Select Company window appears. Click on the radio button next to A New Company.

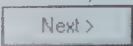




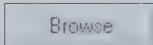
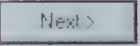
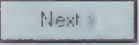

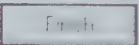
### Read Me

Observe that there are two options on the Select Company window: An Existing Company *and* A New Company. If you select A New Company, then the company will be named exactly the same as the backup file selected. You can restore to an existing company—one that is previously set up—or you can restore to a new company, bypassing the process of setting up a new company.

Let's say you wanted to restore a backup file for a company that was *not* set up in Peachtree. Some computer labs delete directories from the hard drive; for example, you have a back up file but the company, Mike Parry [or your name] Designer, is *not* listed as a Peachtree company. If you start Peachtree and you *cannot* select the appropriate company, use the Restore Wizard to select A New Company. Using the backup file, and the selection for A New Company, you are able to start where you left off the last time you used Peachtree.

- k. The Company Name field shows Mike Parry Designer. The Location field shows C:\Sage\Peachtree\Company\mikparde. (Or

your default location and shortened company name; the last two letters of the location field shows “de.”) Click . Continue with step 6 below.

3. From the Navigation Bar, click ; link to Restore.
4. The Select Backup File window appears. If the location field shows the correct location for the Chapter 9 Chart of Accounts.ptb back up file, click .  
  
(OR, click , then select the appropriate location of the Chapter 9 Chart of Accounts.ptb backup file; click .)
5. The Select Company window appears. The radio button next to An Existing Company is selected. The Company name field shows Mike Parry Designer [or your name Designer]; the Location field shows C:\Sage\Peachtree\Company\mikparde (or your default location and the appropriate shortened company name). Click .<sup>3</sup>
6. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
7. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored.


Now that you have restored Mike Parry’s data, you are ready to continue. *Remember before you exit PCA, make a backup of your work.*

---

<sup>3</sup>If Mike Parry Designer is *not* shown in the Company Name field, refer to Troubleshooting, steps a. – j., pages 302-303. (*Hint:* Cancel the Restore Wizard, then browse to the location of your Chapter 9 Chart of Accounts.ptb backup file.)

**Comment: Global Options**

On pages xiii-xiv (step 1), you were instructed to select *manual* and 2 decimal places in the Decimal Entry and Number of Decimal Places fields. If you did *not* do this, follow these steps:

1. From the menu bar, click Options; Global.
2. In the Decimal Entry field, click Manual. When Manual is selected, a black circle is placed within a circle (radio button).
3. In the Quantity fields, Standard fields, and Unit Price fields, make sure 2 is selected.
4. The boxes in the Hide General Accounts area should be *unchecked*.
5. Click .

In order for your windows to look like the ones shown in this textbook, you need to have the *same* global settings as the ones shown on pages xiii-xiv, steps 1-3. When global options are selected, this feature is in effect for all companies.

**ENTERING CHART OF ACCOUNTS BEGINNING BALANCES**

Mr. Parry has hired you to do his monthly record keeping. In order to begin accounting tasks for Mr. Parry, you asked him for a **Balance Sheet**. A Balance Sheet lists the types and amounts of assets, liabilities, and equity as of a specific date. A balance sheet is also called a **statement of financial position**.

The October 1, 2011 balance sheet is shown on the next page.

Mike Parry Designer Balance Sheet October 1, 2011		
ASSETS		
Current Assets		
1010 - Money Market Account	\$ 8,700.00	
1020 - Checking Account	9,750.75	
1040 - IRA Savings Account	27,730.35	
1045 - WI State Retirement	35,612.00	
1300 - Prepaid Insurance	2,100.00	
1400 - Prepaid Rent	600.00	
1450 - Supplies	1,771.83	
Total Current Assets		\$ 86,264.93
Property and Equipment		
1500 - Computer Equipment	\$ 6,800.00	
1510 - Furniture	5,000.00	
1520 - Automobile	19,000.00	
Total Property and Equipment		30,800.00
Total Assets		\$ 117,064.93
LIABILITIES AND CAPITAL		
Current Liabilities		
2000 - VISA Payable	\$ 5,250.65	
Total Current Liabilities		\$ 5,250.65
Capital		
3920 - Mike Parry, Capital		111,814.28
Total Liabilities and Capital		\$ 117,064.93

The information in this Balance Sheet will be the basis for recording Mr. Parry's beginning balances.

Follow these steps to record Mike Parry's beginning balances.

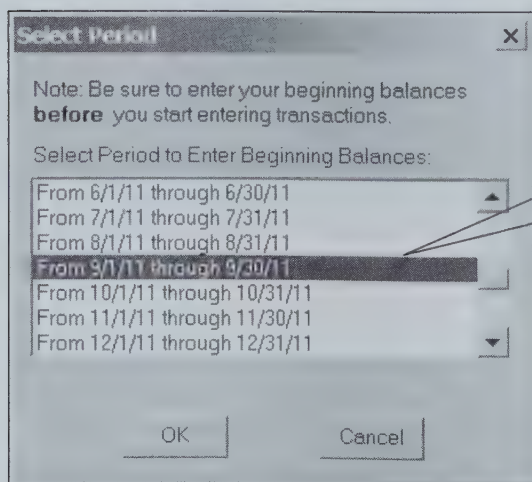
1. From the main menu, select Maintain, then Chart of Accounts.

2. Click **Account Beginning Balances**.

Observe that the balance sheet on page 306 is dated October 1, 2011. **Beginning balances must be set for the previous month—September 1 through 30, 2011.** You select 9/1/11 through 9/30/11 because Peachtree posts on the last day of the month. When 9/1/11 through 9/30/11 is selected as the chart of accounts beginning balance period, transaction windows start on October 1, 2011, and reports are dated October 31, 2011. **The September 30 ending balance is the October 1 beginning balance.**

In Chapter 11, you print end-of-year financial statements. In order for your end-of-year financial statements to show the correct current month and year-to-date amounts, you *must* set your beginning balances for the previous month. *Remember, select September 1 through 30, 2011, as the period for setting beginning balances. The beginning balance period cannot be changed later.*

3. Scroll down the Select Period list. Click From 9/1/11 through 9/30/11 to highlight it.




Make sure that **From 9/1/11 through 9/30/11** is selected.

**IMPORTANT:** Check the Select Period window. The period you select should be **From 9/1/11 through 9/30/11**.

The period selected affects financial statement current month and year-to-date account balances. Make sure that **From 9/1/11 through 9/30/11** is selected.



4. Make sure that you have selected **From 9/1/11 through 9/30/11** on the Select Period window. You cannot change this period later. *Make sure the period is correct*, then click .
5. The Chart of Accounts Beginning Balances window appears. Below the icon bar, **Beginning Balances as of September 30, 2011** is shown. The Assets, Expenses field is highlighted. Account No. 1010, Money Market Account is selected. A red line is placed around the row. Type **8700** in the Assets, Expenses field. Press **<Enter>**.

**Chart of Accounts Beginning Balances**

Cancel OK New Find Help

**Beginning Balances as of September 30, 2011**

How do you enter these beginning balances?

Account ID	Account Description	Account Type	Assets, Expenses	Liabilities, Equity, Income
1010	Money Market Account	Cash		
1020	Checking Account	Cash		
1040	IRA Savings Account	Cash		
1045	W/State Retirement	Cash		
1100	Accounts Receivable	Accounts Receivable		
1200	Inventory	Inventory		
1300	Prepaid Insurance	Other Current Assets		
1400	Prepaid Rent	Other Current Assets		
Total:			8,700.00	0.00
Trial Balance:			8,700.00	
(Difference posts to Beg Bal Equity)				
Net Income is the difference of Income and Expense account values. The Income and Expense values making up Net Income are already included in the total.			Income - Expenses	0.00
			Net Income:	0.00

6. Account No. 1020, Checking Account is selected. Type **9750.75** and press **<Enter>**.

Continue entering the beginning balances using the Balance Sheet on page 306. For credit balances, if necessary, click on the Liabilities, Equity, Income field. When you are finished, Assets, Expenses equals Liabilities, Equity, Income. This indicates that there are equal debits and credits.

**Chart of Accounts Beginning Balances**

Cancel OK New Find Help

Entered beginning balances as of September 30, 2011



Beginning Balances as of September 30, 2011


Account ID	Account Description	Account Type	Assets, Expenses	Equity, Liabilities
1910	Accum. Depreciation - Furniture	Accumulated Depreciation		
1920	Accum. Depreciation - Automobile	Accumulated Depreciation		
2000	VISA Payable	Accounts Payable		
2380	Income Taxes Payable	Other Current Liability		
2400	Publisher Advances	Other Current Liability		
3910	Retained Earnings	Equity-Retained Earnings		
3920	Mike Perry, Capital	Equity-doesn't close		
3930	Mike Perry, Draw	Equity-gets closed		
Total			117,064.00	117,064.00
Trial Balance			0.00	0.00
(Difference posts to Beg Bal Equity)				
Net Income is the difference of Income and Expense account values. The Income and Expense values making up Net Income are already included in the total.			Income - Expenses:	0.00
			Net Income:	0.00


### Comment


What if your Trial Balance does *not* show 0.00? Make sure that debit balances for assets and credit balances for liabilities and capital accounts are entered *correctly*.

**Make sure that your beginning balances are as of September 30, 2011. If you enter your balances for the wrong month (period), your financial statements will not show the current month and year-to-date amounts correctly. Remember, Chapters 9, 10 and 11 work together. If beginning balances are incorrect in Chapter 9, Chapters 10 and 11 financial statements will be incorrect.**

- Click . A window appears briefly that says Creating Journal Entries.
- At the Maintain Chart of Accounts window, click  to return to the Business Status Navigation Center.

To check your chart of accounts beginning balances, select Maintain, Chart of Accounts, ; then select the

From 9/1/11 through 9/30/11, . Make any needed corrections. Refer to pages 305-309 for entering the chart of

accounts beginning balances. When through, click . Close the Maintain Chart of Accounts window.

Follow these steps to print a Balance Sheet:

1. From the menu bar, select Reports & Forms, then Financial Statements. The <Standard> Balance Sheet is highlighted. Click



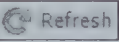
or make the selections to print.


Compare the balance sheet with the one shown on the next page. The account balances match the ones shown on October 1, 2011 balance sheet on page 306.

Mike Parry Designer Balance Sheet October 31, 2011		
ASSETS		
Current Assets		
Money Market Account	\$ 8,700.00	
Checking Account	9,750.75	
IRA Savings Account	27,730.35	
WI State Retirement	35,612.00	
Prepaid Insurance	2,100.00	
Prepaid Rent	600.00	
Supplies	1,771.83	
Total Current Assets		
Property and Equipment		
Computer Equipment	6,800.00	
Furniture	5,000.00	
Automobile	19,000.00	
Total Property and Equipment		
Other Assets		
Total Other Assets		
Total Assets		\$ 117,064.93
LIABILITIES AND CAPITAL		
Current Liabilities		
VISA Payable	\$ 5,250.65	
Total Current Liabilities		5,250.65
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		5,250.65
Capital		
Mike Parry, Capital	111,814.28	
Net Income	0.00	
Total Capital		111,814.28
Total Liabilities & Capital		\$ 117,064.93
Unaudited - For Management Purposes Only		

Observe that the report shows "Unaudited - For Management Purposes Only."

2. Close the Balance Sheet and Select a Report or Form windows.

3. On the Business Status Navigation Center's toolbar, click  Refresh. Notice that the account balances are updated. Balances shown in red are credit balances.

Account Balances		 Customize
Account Description	Account ID	Balance
Money Market Account	1010	\$8,700.00
Checking Account	1020	\$9,750.75
IRA Savings Account	1040	\$27,730.35
WI State Retirement	1045	\$35,612.00
Accounts Receivable	1100	\$0.00
VISA Payable	2000	(\$5,250.65)

4. Link to View Account List to see all the accounts and their Running Balance. A partial Account List is shown below. (Hint: Accounts shown in red with a parenthesis are credit balances.) These account balances agree with the Balance Sheet shown on page 306.


Account ID	Description	Type	Running Balance
1010	Money Market Account	Cash	\$8,700.00
1020	Checking Account	Cash	\$9,750.75
1040	IRA Savings Account	Cash	\$27,730.35
1045	WI State Retirement	Cash	\$35,612.00
1100	Accounts Receivable	Accounts Receivable	\$0.00
1200	Inventory	Inventory	\$0.00
1300	Prepaid Insurance	Other Current Assets	\$2,100.00
1400	Prepaid Rent	Other Current Assets	\$600.00
1450	Supplies	Other Current Assets	\$1,771.83
1500	Computer Equipment	Fixed Assets	\$6,800.00
1510	Furniture	Fixed Assets	\$5,000.00
1520	Automobile	Fixed Assets	\$19,000.00
1900	Accum. Depreciation - Comp Eqt	Accumulated Depreciation	\$0.00
1910	Accum. Depreciation - Furnitur	Accumulated Depreciation	\$0.00
1920	Accum. Depreciation - Automobi	Accumulated Depreciation	\$0.00
2000	VISA Payable	Accounts Payable	(\$5,250.65)
2380	Income Taxes Payable	Other Current Liabilities	\$0.00
2400	Publisher Advances	Other Current Liabilities	\$0.00
3910	Retained Earnings	Equity-Retained Earnings	\$0.00
3920	Mike Parry, Capital	Equity-does not close	(\$111,814.28)

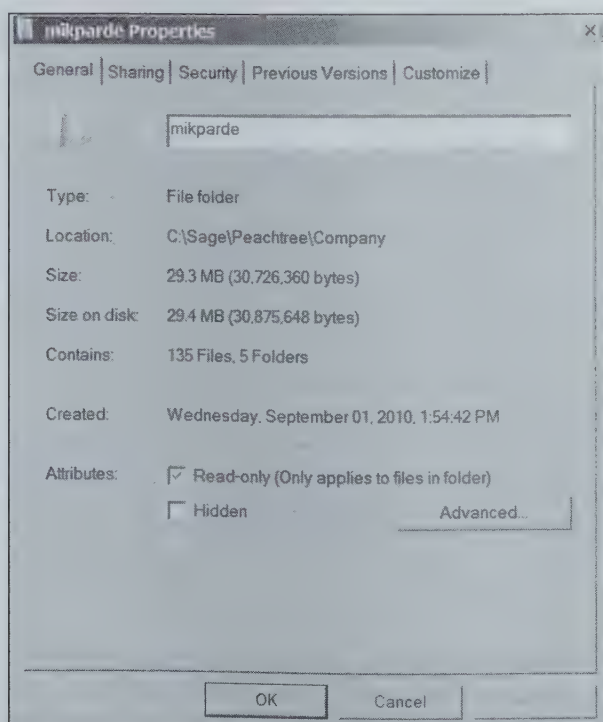
5. Close the Account List.



## USING WINDOWS EXPLORER TO SEE THE FILE SIZE

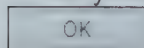
To see the size of the Mike Parry Designer file, following these steps.

1. Right-click  [start button]; left-click Open Windows Explorer.
2. Go to the location of the company data. The default location is C:\Sage\Peachtree\Company (or your company data location; refer to page xviii). Click on the Company folder.
3. Right-click on the mikparde folder (or the one with your shortened name.). *Hint:* Peachtree shortens the company name using the first three letters of the first word, first three letters from the second word, and two letters from the third word. There are eight characters in Peachtree's shortened company name.
4. Left-click Properties. The default location is drive C. The title bar shows the shortened company name Properties.



Observe that the size of the file is 29.3 MB (30 726,360 bytes). To save all the data contained in the Mike Parry [or your name] folder, use Windows Explorer to copy, then paste the mikparde folder from drive C to a USB drive, CD, or DVD. (Your file size may differ from the mikparde Properties window. This is okay.)

5. When you are finished comparing your properties window, click



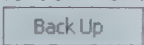
, then  on the Windows Explorer title bar.

## BACKING UP BEGINNING BALANCES

Follow these steps to back up the work completed so far. This backup saves the Mike Parry company set up on pages 281-289, the chart of accounts (pages 290-298), and the beginning balances (pages 305-309).


The idea is to make periodic backups so that, if needed, you can go back to an earlier point in the data. Use a different file name for each backup so that you can distinguish one file from another one.

If necessary, close all windows. From the Company Navigation Center, link to Back up. (Or, from the menu bar, select File, then Back Up.)

1. If necessary, uncheck the box next to Include company name in the backup file name. Click .

2. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 9 Beginning Balances** in the File name field.

3. Click .


4. When the window prompts that This company backup will require approximately 7.14MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to this point in Chapter 9.

In Chapter 9, you learned how to set up a new Peachtree company, edit the chart of accounts, and how to use information from a balance sheet to enter beginning balances. Because two files were backed up in

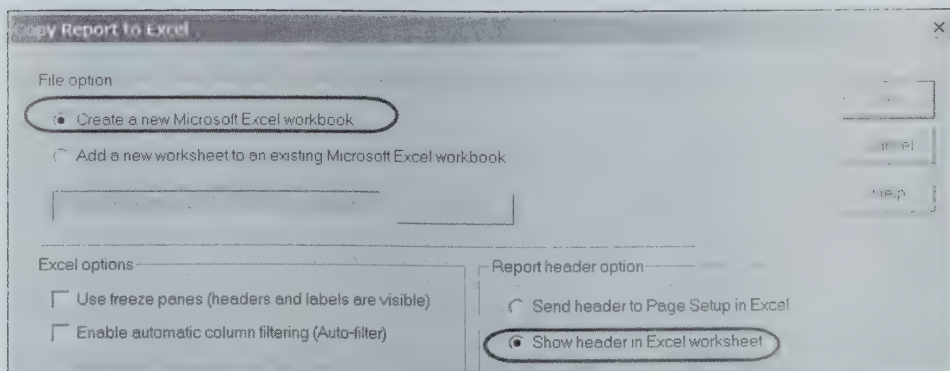
Chapter 9—the Chapter 9 Chart of Accounts.ptb file and the Chapter 9 Beginning Balances.ptb file—you could restore either file to start at that point in the data. For example, what if you notice a mistake and need to start at an earlier place in the data? By saving two files, you have two different backup files to restore. *Remember, in the business world backups are made frequently.*

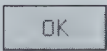
## EXPORT THE CHART OF ACCOUNTS AND BEGINNING BALANCES TO EXCEL

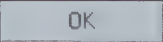
Follow these steps to export the October 1, 2011 Balance Sheet to Excel.

1. From the menu bar, select Reports & Forms, select General Ledger. Double-click Chart of Accounts. The Chart of Accounts appears. If needed, expand the Accounts Description and Account Type columns. (Click  to widen the column.)

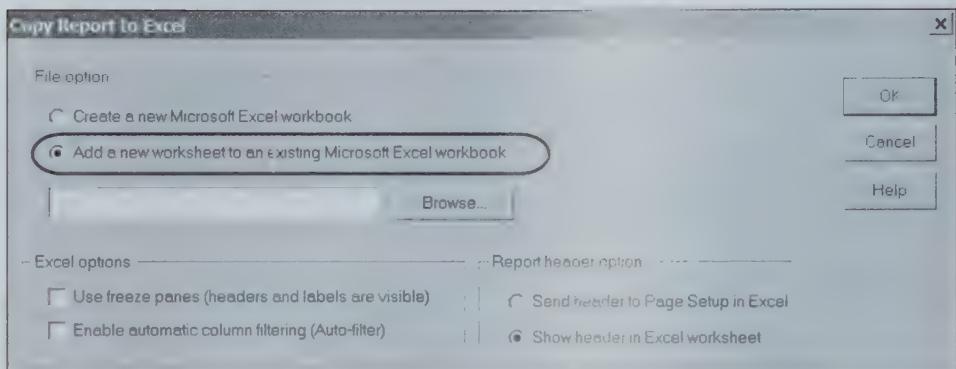
2. Click . On the Copy Report to Excel window, in the file option area, Create a new Microsoft Excel workbook is selected. In the Report header option field, Show header in Excel worksheet is selected.

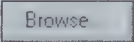
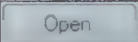



3. Click . The chart of accounts exports to Excel.
4. Save. Use the file name **Chapter 9\_Chart of Accounts and Beginning Balances.xlsx**. (Hint: If you are using Excel 2003, your file extension is .xls.)

5. Go back to Peachtree's Select a Report or Form window. In the Reports list, select Financial Statements. Double-click <Standard> Balance Sheet. Click .

6. Click . On the Copy Report to Excel window, select Add a new worksheet to an existing Microsoft Excel workbook.



7. Click  to go to the location of the Chapter 9\_Chart of Accounts and Beginning Balances.xlsx file. Click . You are returned to the Copy Report to Excel window. Observe that the Browse field shows the location of the Chapter 9\_Chart of Accounts and Beginning Balances file. Click .
8. The balance sheet appears in Excel. Change the date to **October 1, 2011**. (*Hint: The balance sheet is shown on page 306.*)

**Mike Parry Designer**  
**Balance Sheet**  
**October 1, 2011**

9. Observe that two sheets are shown at the bottom of the Excel file: Chart of Accounts and Balance Sheet.

**Chart of Accounts    Balance Sheet**



10. Save the file. Exit Excel. Close all Peachtree windows.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 9. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 2 Internet Activities for Chapter 9-10. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	If necessary, scroll down to STARTING A BUSINESS – Chapter 9. Read steps 1, 2, and 3.
5.	Follow the steps shown on the textbook's website to complete this Internet activity.
6.	Use a word processing program to write a summary for each website visited. Your summaries should be no more than 75 words.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, pages 317-318.
2. Multiple-choice questions, pages 318-320.
3. Exercises 9-1 and 9-2, pages 320-326.
4. Assessment Rubric, page 326.
5. Analysis questions, page 327.
6. Chapter 9 Index, page 328.

## GOING TO THE NET

Access information about the chart of accounts at [http://en.wikipedia.org/wiki/Chart\\_of\\_accounts](http://en.wikipedia.org/wiki/Chart_of_accounts). Read the information on Wikipedia's chart of accounts website. (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 9, Going to the Net Exercises.)

1. What is the chart of accounts?



2. List four asset accounts, two liability accounts, two equity accounts, one revenue account, and three expense accounts.
3. What is the trial balance?

**Multiple Choice Questions:** In the space provided write the letter that best answers each question.

- \_\_\_\_\_ 1. In Part 2 of the book, you complete monthly accounting for which type of business?
  - a. Corporate form of business.
  - b. Merchandising business.
  - c. Manufacturing business.
  - d. Service business.
  - e. None of the above.
  
- \_\_\_\_\_ 2. Which type of accounting method does Mike Parry Designer use?
  - a. Cash basis accounting.
  - b. Accrual accounting.
  - c. PCA does not require you to make a choice.
  - d. There is no difference between cash basis and accrual accounting.
  - e. None of the above.
  
- \_\_\_\_\_ 3. Mike Parry's business type is a:
  - a. Corporation.
  - b. Partnership.
  - c. Sole proprietorship.
  - d. Non-profit.
  - e. None of the above.
  
- \_\_\_\_\_ 4. What chart of accounts did you select for Mr. Parry's chart of accounts?
  - a. Accounting firm.
  - b. Merchandising company.
  - c. Non-profit business.
  - d. Service Company.
  - e. None of the above.

\_\_\_\_\_ 5. Mr. Parry uses which type of posting method?

- a. Batch posting.
- b. Real-time posting.
- c. There is no need to post his books.
- d. PCA does not require you to make a posting choice.
- e. None of the above.

\_\_\_\_\_ 6. You can restore data by making which menu bar selection?

- a. File; Restore.
- b. Tasks; Backup.
- c. Maintain; Restore.
- d. Maintain; Backup.
- e. None of the above.

\_\_\_\_\_ 7. The correct file name for backing up Mike Parry Designer, the chart of accounts, and the October 1, 2011 beginning balances is:

- a. Chapter 9 Chart of Accounts October.
- b. Chapter 9 Beginning Balances.
- c. chap9.
- d. chap7.
- e. None of the above.

\_\_\_\_\_ 8. Peachtree assigns the following shortened company name to Mike Parry Designer:

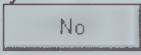
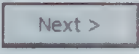
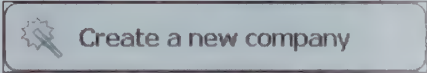
- a. \Company.
- b. \Peachtree.
- c. \mikparde.
- d. \Sage Software.
- e. None of the above.

\_\_\_\_\_ 9. The account type of Account No. 3920, Mike Parry, Capital (or your name, Capital) is:

- a. \Cash.
- b. \Equity-gets closed.
- c. \Equity-doesn't close.
- d. \Current assets.
- e. None of the above.

- \_\_\_\_ 10. When saving an Excel 2007 file, the automatic file extension is:
- docx
  - xlsx
  - pdf
  - ptb
  - None of the above.

**Exercise 9-1:** Follow the instructions below to complete Exercise 9-1:

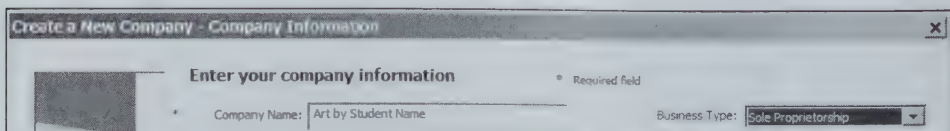
- Start Peachtree. If Mike Parry [your name] Designer or other company opens, select File; New Company. When the window prompts, Do you want to keep Mike Parry (your name) Designer open?, click . The Create a New Company – Introduction window appears. Click . (Or, from the startup window, select .)


- Type the following company information:

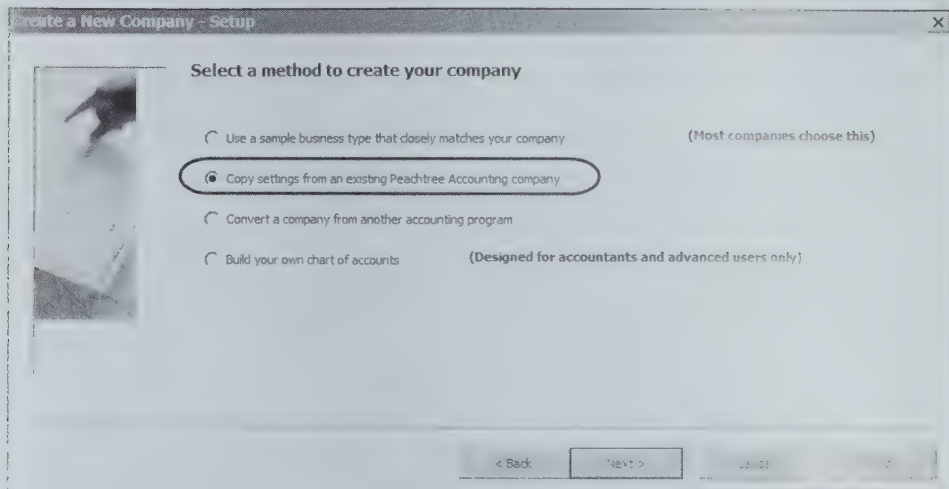
Company Name:	Art by Your Name ( <i>Use your first and last name</i> )
Address Line 1:	Your address
City, State, Zip	Your city, Your State, Your Zip code
Country:	USA
Telephone:	Your telephone number
Fax:	Your fax number (if any)
Business Type:	Sole Proprietorship
E-mail:	Type your email address

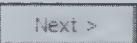
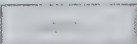
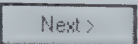
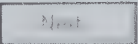
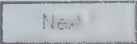

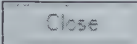
Leave the Tax ID Numbers fields blank.

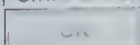
The Company Name field should show Art by *your first and last name*.

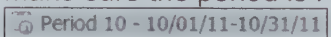


3. Click . At the Select a method to create your company window, select Copy settings from an existing Peachtree Accounting company.



4. Click .
5. Highlight Mike Parry [or your name] Designer, then click .
6. At the Copy Company Information window, accept the default selections by clicking .
7. Accept the default for accrual accounting by clicking .
8. Accept the default for Real Time posting by clicking .
9. At the You are ready to create your company window, click .
10. If the Setup Guide window appears, click on the box next to Don't show this screen at startup. Click .

11. If the Peachtree Setup Guide appears, click on the box next to Do not display this message again. Click .

12. The Art by Your Name - Peachtree Accounting window appears. Make sure the period is Period 10 - 10/01/11-10/31/11 – .

13. Make the following changes to the Chart of Accounts:

a. Change the name of the following accounts:

- Account No. 1020, Checking Account to Fidelity Bank
- Account No. 2000, VISA Payable to Accounts Payable
- Account No. 3920, Mike Parry, Capital to Your Name, Capital (Make sure the Account Type is Equity-doesn't close)
- Account No. 3930, Mike Parry, Draw to Your Name, Draw
- Account No. 4050, Royalty Income to Art Income
- Account No. 6800 Freight Expense to Conference Fees

b. Delete the following accounts:

- Account No. 1010, Money Market Account
- Account No. 1040, IRA Savings Account
- Account No. 1045, WI State Retirement
- Account No. 2400, Publisher Advances

c. Add the following accounts:

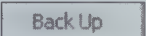
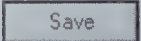

- Account No. 6180, Automobile Expense
- Account No. 6420, Water and Power Expense
- Account No. 7400, Postage Expense

14. Print the chart of accounts.

15. Follow these steps to back up Exercise 9-1.

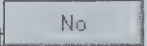

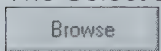
a. From the Company Navigation Center, link to Back up. (Or, from the menu bar, select File, then Back Up.)

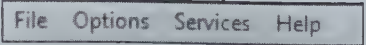


- b. If necessary, uncheck the box next to Include company name in the backup file name. Click .
- c. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Exercise 9-1** in the File name field.
- d. Click .
- e. When the window prompts that This company backup will require approximately 7.04MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 9.

16. Click File; Exit to exit Peachtree or continue.

**Exercise 9-2:** Follow the instructions below to complete Exercise 9-2. Exercise 9-1 *must* be completed before starting Exercise 9-2.

1. Start PCA. If necessary, open the company that you set up in Exercise 9-1, Art by Your Name. (*Hint:* If a different company opens, select File; Open Previous Company. When the screen prompts do you want to open two companies, select .)
2. Follow these steps to restore Exercise 9-1.<sup>4</sup>
  - a. From the Navigation Bar, select  **Company**; link to Restore. (If necessary, put external media into the appropriate drive.)
  - b. The Select Backup File window appears. (If necessary, click . In the Look in field, select the appropriate location

<sup>4</sup>You can restore from your back up file even if *no* Peachtree company exists. From the menu bar, click File; Close Company. Peachtree's startup window appears with four menu bar options--. Select File; Restore. Browse to the location of the Exercise 9-1.ptb backup file. On the Restore Wizard's Select Company window, select A New Company. The A New Company selection allows you to restore backup data *and* set up the company. For more information, refer to Troubleshooting on pages 302 and 303.

of the Exercise 9-1.ptb back file.) Make sure the Location field on the Select Backup File window shows **Exercise 9-1.ptb**. Click

Next >

- c. The Select Company window appears. The radio button next to **An Existing Company** is selected. Check that the Company Name and Location fields are correct. Click **Next**.
  - d. The Restore Options window appears. Make sure that the box next to **Company Data** is *checked*. Click **Next >**.
  - e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click **Finish**. When the Restore Company scale is 100% complete, your data is restored.
  - f. If necessary, remove the external media.
3. Use the Balance Sheet on the next page to record chart of accounts beginning balances. (Hint: Remember to select **9/1/11 through 9/30/11** as the period for entering chart of accounts beginning balances. Enter beginning balances as of September 30, 2011.)

Select  
From 9/1/11 through  
9/30/11

Enter the beginning balances as of September 30, 2011 from the Balance Sheet shown on the next page.


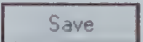
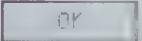
Art by Your Name Balance Sheet October 1, 2011		
ASSETS		
Current Assets		
Fidelity Bank	\$13,500.00	
Prepaid Insurance	1,000.00	
Prepaid Rent	700.00	
Supplies	850.00	
Total Current Assets		\$16,050.00
Property and Equipment		
Computer Equipment	6,500.00	
Furniture	3,500.00	
Automobile	19,000.00	
Total Property and Equipment		29,000.00
Total Assets		\$ 45,050.00
LIABILITIES AND CAPITAL		
Current Liabilities		
Accounts Payable	\$1,050.00	
Total Current Liabilities		\$1,050.00
Capital		
Your Name, Capital		44,000.00
Total Liabilities and Capital		\$ 45,050.00

2. Print the balance sheet.

### CHECK YOUR FIGURES: Chart of Accounts & Balance Sheet

Account No. 3930, Your Name, Draw  
 Account No. 4050, Art Income  
 Account No. 7400, Postage Expense  
 Account No. 1020, Fidelity Bank, \$13,500  
 Account No. 3920, Your Name, Capital, \$44,000

3. Follow these steps to back up Exercise 9-2.

- a. From the Company Navigation Center, link to Back up. (Or, from the menu bar, select File, then Back Up.)
  - b. If necessary, uncheck the box next to Include company name in the backup file name. Click 
  - c. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Exercise 9-2** in the File name field.
  - d. Click .
  - e. When the window prompts that This company backup will require approximately 7.10MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 9.
4. Export the chart of accounts and beginning balances to Excel. Use the file name **Exercise 9-2\_Chart of Accounts and Beginning Balances.xlsx**. Change the date on the balance sheet to October 1, 2011.
5. Exit Excel and Peachtree.

## ASSESSMENT RUBRIC

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 9, Assessment Rubric link. To review Peachtree's navigation centers, menu selections, and windows, complete the blank fields online.

Task	Date	Selections	Window	Shortened Company Name
October 1, 2011 Beginning Balances				

**ANALYSIS QUESTIONS**

1. What chart of accounts beginning balance date is used for entering October 1, 2011 account balances in Peachtree?
2. How does the account beginning balance date affect the current month and year-to-date amounts on the financial statements?
3. After recording beginning balances, why does Peachtree show October 31, 2011 as the balance sheet date?



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# Chapter 10 Maintaining Accounting Records for Service Businesses

## LEARNING OBJECTIVES

1. Restore data from Chapter 9. (This backup was made on page 314.)<sup>1</sup>
2. Record and post deposits, checks and ATMs.
3. Complete account reconciliation.
4. Display the Account Register.
5. Display the Cash Receipts Journal, Cash Disbursements Journal, and General Journal.
6. Display the general ledger trial balance.
7. Print financial statements.
8. Export the October Balance Sheet and Income Statement to Excel.
9. Complete the Internet Activity online at [www.mhhe.com/yacoin2011](http://www.mhhe.com/yacoin2011).
10. Make four backups and save two Excel files.<sup>2</sup>

In Chapter 10, you continue the work started in Chapter 9. You complete the computer accounting cycle for the month of October using your client's transaction register and bank statement as **source documents**. In accounting, you learn that source documents are used to show written evidence of a business transaction. For Mike Parry Designer, the source documents used are his transaction register and bank statement. The **transaction register** shows Mr. Parry's checking account activity.

Remember, Chapter 9 must be completed before starting Chapter 10.

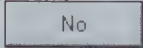
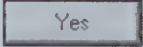
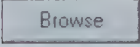
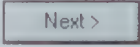
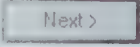
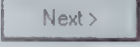
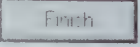
## GETTING STARTED

Follow the steps on the next page to continue using Mike Parry's company data.

---

<sup>1</sup>All activities in Chapter 9 must be completed before starting Chapter 10.

<sup>2</sup>Refer to the chart on pages 279-280 for the files names and size of backup files.

1. Start Peachtree. Open an existing company Mike Parry Designer (or your name Designer).<sup>3</sup> (*Hint: If a different company opens, select File; Open a Previous Company; select Mike Parry Designer. When the window prompts, Do you want to keep XXXXXX Company open?, click . If you prefer to keep two companies open, click .*.)
2. To restore Mike Parry's data from Chapter 9 do the following. The Chapter 9 Beginning Balances.ptb backup was made on page 314.
  - a. From the Company Navigation Center, click to Restore. (Or, from the menu bar, click File, Restore. If necessary, put external media into the appropriate drive.)
  - b. The Select Backup File window appears. (If necessary, click . In the Look in field, select the appropriate location of your Chapter 9 Beginning Balances.ptb file.) Make sure the Location field on the Select Backup File window shows the Chapter 9 Beginning Balances.ptb file. Click .
  - c. The Select Company window appears. The radio button next to An Existing Company is selected. Check that the Company Name and Location fields are correct. Click .
  - d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
  - e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored.
  - f. If necessary, remove the external media.

---

<sup>3</sup>You can restore from your back up file even if *no* designer company exists. From Peachtree's start up window, select File; Restore. Select the location of your backup file. On the Restore Wizard's Select Company window, select A New Company. The *A New Company* selection allows you to restore your backup data, bypassing the process of new company set up. For more information, refer to Troubleshooting on pages 302-303.



To make sure you are starting in the appropriate place in the data (Chapter 9 Beginning Balances.ptb backup) check the balance sheet. A partial balance sheet report is shown below. The complete balance sheet is shown on page 311.

Mike Parry Designer Balance Sheet October 31, 2011		
ASSETS		
Current Assets		
Money Market Account	\$ 8,700.00	
Checking Account	9,750.75	
IRA Savings Account	27,730.35	
WI State Retirement	35,612.00	
Prepaid Insurance	2,100.00	
Prepaid Rent	600.00	
Supplies	1,771.83	
Total Current Assets		86,264.93
Property and Equipment		
Computer Equipment	6,800.00	
Furniture	5,000.00	
Automobile	19,000.00	
Total Property and Equipment		30,800.00
Other Assets		
Total Other Assets		0.00
Total Assets	\$	117,064.93

## RECORDING DEPOSITS, CHECKS AND ATMs

In PCA, the Receipts window is used to record deposits. When you save a receipt, PCA automatically journalizes the entry in the Cash Receipts Journal. When Mr. Parry writes a check, the disbursement is recorded in the Write Checks window. When you save the recorded check or ATM, the entry is automatically journalized in the Cash Disbursements Journal.

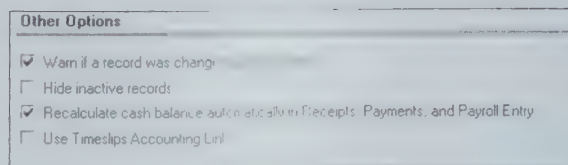
Peachtree's Write Checks window is a simplified version of the Payments window. In this chapter, use the Write Checks window to issue a check for expenses, assets, or owner's draw.

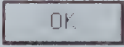
Mr. Parry's transaction register has the information necessary to record entries for the month of October. Since Mr. Parry is a new client, information from his Balance Sheet was used for an opening entry. His transaction register lists the information for the rest of the month.

Follow these steps to show the cash balance on the Receipts window and Payments window.

1. From the menu bar, click Options, Global.


2. Make sure the box next to Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry has a check mark next to it



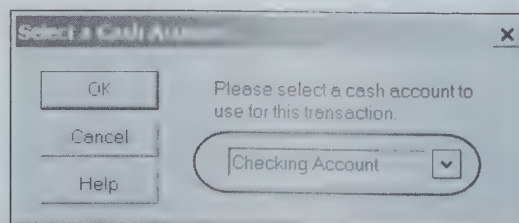
3. Click . When you use the Receipts window or Write Checks window, the transaction register balance agrees with the Cash Account balance shown on these windows:

Mr. Parry's transaction register shows an October 1 deposit of \$11,000. A section of Mr. Parry's transaction register is shown.



Check Number	Date	Description of Transaction	Payment	Deposit	Balance
	9/30				9,750.75
	10/1	Deposit (publisher's advance)		11,000.00	20,750.75

 Follow these steps to record the October 1 deposit from Mr. Parry's transaction register. (The arrow indicates a flash video at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 9, Flash Videos, Deposits.)

1. From the menu bar, select Tasks, Receipts. The Select a Cash Account window displays. If necessary click on the down arrow to select Checking Account.

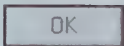




2. Click . The Receipts window displays.
3. Your cursor is in the Deposit ticket ID field. Type **10/01/11**. (*Hint: Use the date of the deposit for the Deposit ticket ID field.*)
4. Click on the Name field. Type **Deposit** in the Name field.
5. Click on the Reference field. Type **Advance** in the Reference field. Press **<Enter>** two times.
6. Accept the default for Oct 1, 2011 in the Date field by pressing **<Enter>**.
7. Verify that the Payment Method is Check and that Account 1020, Checking Account, is displayed in the Cash account field.
8. The Cash Account Balance field displays 9,750.75. This agrees with the partial transaction register balance shown on page 332 (and the Checking Account balance shown on the Balance Sheet, page 331).
9. Make sure that the Apply to Revenues tab is selected. Click once on the Quantity field. Type **1** in the Quantity field. Press the **<Enter>** key two times.
10. Type **Publisher's advance** in the Description field. Press **<Enter>**.
11. Click  in the GL Account field. Select Account No. 2400, Publisher Advances.
12. Type **11000** in the Unit Price field.

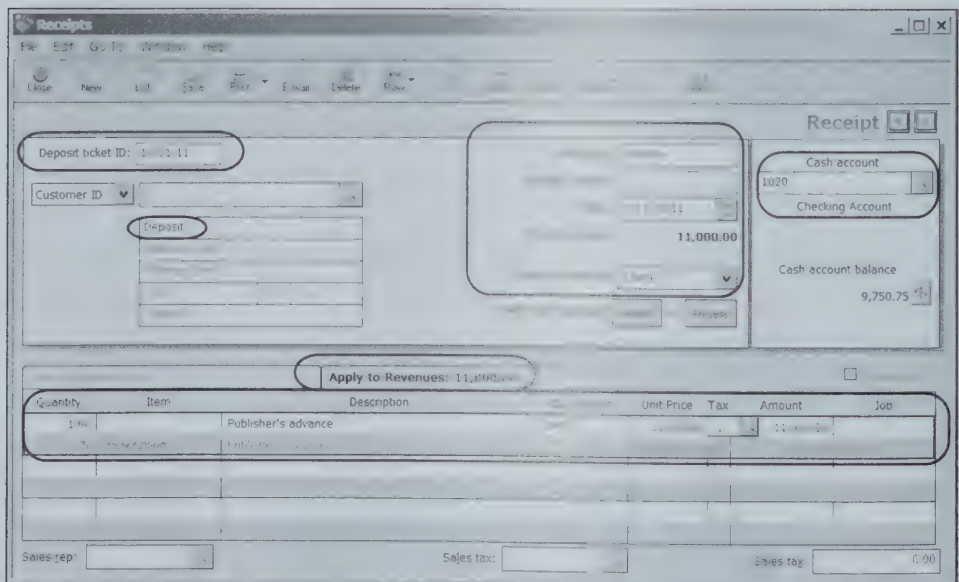
**Comment: Setting Global Options**

Refer to pages xiii-xiv.

1. From the menu bar, click Options; Global.
2. In the Decimal Entry field, click Manual. When Manual is selected, a black circle is placed within a circle (radio button).
3. The Quantity fields, Standard fields, and Unit Price fields, should have **2** selected.
4. Make sure the boxes in the Hide General Ledger Accounts section are *unchecked*.
5. Click .

When global options are selected, this feature is in effect for all companies.

13. Press the **<Enter>** key two times. Compare your Receipts window to the one shown below. If your window looks different, refer to Setting Global Options, pages xiii-xiv. (*Hint: If the C/L Account field is not shown, refer to the #4 in the Comment box. The boxes in the Hide General Ledger Accounts area must be *unchecked*.)*



**Receipts**

File Edit Go Tools Window Help

Close New Edit Print Email Delete Rows

Deposit ticket ID: 111111

Customer ID: [dropdown]

Deposit: [table with 1 row: 11,000.00]

Cash account: 1020


Checking Account

Cash account balance: 9,750.75


Apply to Revenues: 11,000.00


Quantity	Item	Description	Unit Price	Tax	Amount	Job
1	Publisher's advance				11,000.00	

Sales rep: [field] Sales tax: [field] Sales tax amount: 0.00


14. Click  to post this entry. After you post, the Cash account balance field shows the same balance, \$20,750.75, as the partial transaction register shown below. The Receipts window is ready for another entry. When the entry is saved, it is posted to the general ledger. The Cash Receipts Journal shows the debits and credits for this deposit.

Current balance
20,750.75


15. Click  to close the Receipts window.


 Use Write Checks for Check No. 4001. A section of the transaction register is shown below. (The arrow indicates a flash video at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011). Link to Student Edition, select Chapter 9, Flash Videos, Checks.)


Ck. No.	Date	Description of Transaction	Payment	Deposit	Balance
					9,750.75
	10/1	Deposit (publisher's advance)		11,000.00	20,750.75
4001	10/2	Transfer to Money Market Account	6,000.00		14,750.75


From the Navigation Bar, click  **Banking**. Observe that the Banking Tasks diagram appears. In this chapter you focus on banking; in Part 3 (Chapters 12-15), you work with customers and vendors and record customer receipts and vendor payments.

**Banking Tasks**


  
Write Checks


  
Account Register


  
Analysis Tools


  
Chart of Accounts

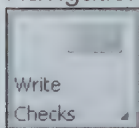


### Read Me: Navigation Bar or Menu Bar

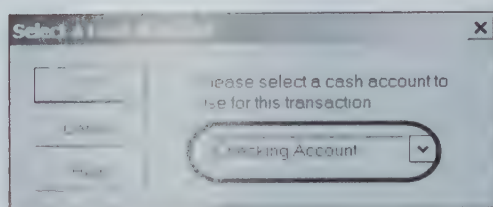
In this textbook, you are going to use *both* menu bar selections and the Navigation Bar. In PCA 2011, there are two ways to access features. You can make selections from the menu bar or the Navigation Bar. Throughout the textbook, these two methods are shown.

Use these steps to enter Check No. 4001 and **pay** to the Cash Disbursements Journal.

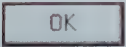

1. From the Banking Navigation Center, click



**New Check.** The



Select a Cash Account window appears. If necessary, click on the down- arrow to select the Checking Account.


2. Click .
3. The Write Checks window displays. Click on the Pay to the order of, Name field. Type **Money Market Account**.
4. Click  in the Expense account field. The Chart of Accounts list is displayed. Even though you are *not* charging Check No. 4001 against an expense account, you use the Expense Account field to select the appropriate account. Select Account No.1010, Money Market Account. The Description field is automatically completed with Money Market Account.
5. Click on the Check number field. Type **4001** in the Check number field and press **<Enter>**.
6. Type **2** in the Date field and press **<Enter>**.
7. Verify that the Cash Account Balance field shows \$20,750.75. This agrees with the partial transaction register on page 335 (beginning balance plus publisher's advance). If the Cash Account Balance field does not agree with your transaction register, see the instructions in




the Comment box on page 334, steps 1-3, for setting the global options for recalculating the cash balance for receipts, payments, and payroll.

8. Type **6000** in the \$ field. Press **<Enter>**. Observe that the check is completed.

The screenshot shows the 'Write Checks' window. At the top is a menu bar with File, Edit, Go To, Window, and Help. Below the menu bar is a toolbar with icons for Close, New, List, Save, Print, Delete, Rec'd, Journal, Event, Reports, and Help. The main area is divided into several sections. On the left, there's a 'Vendor' field with 'Mike Parry Designer' entered. Below that is a 'Pay to the order of' field with 'Money Market Account' entered. To the right of the vendor field is a 'Check number' field with '4001' and a 'Date' field with 'Oct 2, 2011'. Below the check number and date fields is a 'Dollars' field with '\$ 6,000.00'. At the bottom left, there's an 'Expense account' field with '1010' and a 'Split' button. At the bottom right, there's a 'Description' field with 'Money Market Account'. There are also some empty fields for 'City', 'State', 'Zip', and 'Country'.

9. Click  to post to the general ledger. The debits and credits for this entry are in the Cash Disbursements Journal. Verify that the Cash Account Balance field displays the October 2 balance (this is the same balance, \$14,750.75, as the partial transaction register on page 335). You are ready for the next entry. (*Hint: you may need to change the date to 10/2/11 to see the correct cash balance.*)

10. Click  to return to the Banking Navigation Center.

### Comment

PCA automatically completes the Check number field once the first number is typed. After typing another reference in the Check number field (for example, ATM), you need to type the appropriate check number. ATM is an acronym for Automated Teller Machine. When an ATM card is used, cash is withdrawn from the checking account.




In accounting, you learn that source documents are used to show written evidence of a business transaction or event. Examples of source documents are sales invoices, purchase invoices, and in this case, Mr. Parry's transaction register which shows checking account activity. Starting with the ATM withdrawal on October 3 for \$200, record the entries shown on the transaction register on pages 339 and 340 in the Write Checks window (Banking Navigation Center) or the Receipts window (Tasks; Receipts). Assign each entry in the transaction register an appropriate account number from Mr. Parry's Chart of Accounts. Some of the entries listed in Mr. Parry's transaction register are for the same date. Record individual entries for each check number, deposit, or ATM transaction.

Each deposit (cash or check received) is a credit to Account No. 1020, Checking Account, and is recorded on the Receipts window (Cash Receipts Journal). On the Receipts window, you select the appropriate general ledger account for the credit part of the entry. The offsetting debit is automatically entered in Account No. 1020, Checking Account.

Each payment (check issued and ATM withdrawal) listed on the transaction register is a credit to Account No. 1020, Checking Account, and is recorded on the Write Checks window (Cash Disbursements Journal). On the Write Checks window, you select the appropriate general ledger account for the debit part of the entry. The offsetting credit is automatically entered in Account No. 1020, Checking Account.

After recording each check, deposit, or ATM, you should verify that the Balance field on the Write Checks and Receipts windows agree with the transaction register balances on pages 339 and 340. You have already recorded the first two entries for October 1 and October 2. Continue recording entries with the October 3 ATM.

Remember, click  to post each entry. The transaction register entries are listed individually on the table on pages 339 and 340.





**Read Me:** Why should I use Write Checks instead of the Payments window?

The Write Checks window is a simplified version of the Payments window. Both Write Checks and Payments post to the Cash Disbursements Journal. In Chapter 10, you use the Write Checks window for checks and ATM withdrawals. You could use the Payments window for checks and ATMs but it is quicker to use Write Checks.


Transaction Register Mike Parry Designer					
Ck. No.	Date	Description of Transaction	Payment	Deposit	Balance
	9/30				9,750.75
	10/1	Deposit (publisher's advance)		14,000.00	20,750.75
4001	10/2	Transfer to Money Market Fund	6,000.00		14,750.75
	10/3	ATM <sup>4</sup>	200.00		14,550.75
	10/4	Deposit (book royalty)		3,565.05	18,515.80
4002	10/4	Office Depot (computer equipment)	1,105.68		17,410.12
4003	10/9	U.S. Post Office <sup>5</sup>	41.00		17,369.12
4004	10/9	River News (newspaper subscription) <sup>6</sup>	45.00		17,324.12
4005	10/9	WPS Gas (utilities)	39.64		17,284.48
4006	10/10	Water and Power Co. <sup>7</sup>	98.59		17,185.89
4007	10/10	Lake Telephone (telephone expense)	35.00		17,150.89
4008	10/10	Long Distance Co.	46.20		17,104.69
	10/13	Deposit (Milwaukee Community College)		2,716.19	19,820.88
	10/14	ATM <sup>8</sup>	400.00		19,420.88
4009	10/15	Auto Zone (car headlight - automobile expense) <sup>9</sup>	201.00		19,219.88

<sup>4</sup>For each ATM use Account No. 3930, Mike Parry, Draw [or, your name, Draw]. Type **ATM** in the Pay to the order of and Check number fields. For the next check, you need to type the check number in the Check number field.

<sup>5</sup>Add account No. 7400, Postage Expense on the fly. (Hint: In the Expense Account field, click ;  New. In the Account Type field, select Expenses.)

<sup>6</sup>Debit Account No. 6100, Dues and Subscriptions.

<sup>7</sup>Add Account No. 6420, Water and Power Expense.

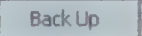
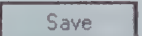
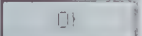
<sup>8</sup>If you typed ATM in the Check number field for the October 3 withdrawal, a WARNING! That reference number has already been entered for this Cash Account displays. Click .

<sup>9</sup>Add Account No. 6180, Automobile Expense.

4010	10/16	Matt Wilson (install headlight)	110.00		19,109.88
4011	10/29	Dept. of Motor Vehicles (auto registration)	210.00		18,899.88
4012	10/29	Office Supplies, Etc. (letterhead and envelopes) <sup>10</sup>	5.91		18,683.90
4013	10/30	Internet Service Provider			18,653.91

## BACKING UP THE OCTOBER TRANSACTION REGISTER

Follow these steps to back up the October transaction register.

1. From the Company Navigation Center, link to Back up. (Or, from the menu bar, select File, then Back Up.)
2. If necessary, uncheck the box next to Include company name in the backup file name. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 10 Transaction Register October** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 6.99MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 10.

## ACCOUNT RECONCILIATION

Mike Parry receives a bank statement every month for his checking account (Account No. 1020) from Downtown Bank. The bank statement shows which checks, ATMs, and deposits cleared the bank. PCA's Account Reconciliation feature allows you to reconcile his bank statement. Mr. Parry's bank statement for his checking account is shown on the next page.

<sup>10</sup>Debit, Account No. 1450, Supplies.



Statement of Account		Mike Parry Designer	
Downtown Bank		1213 River Road	
October 1 to October 31, 2011	Account No. 231852-80	Milwaukee, WI 53217	
REGULAR CHECKING			
Previous Balance		\$ 9,750.75	
3 Deposits (+)		17,681.24	
9 checks (-)		7,682.47	
2 Other Deductions (-)		600.00	
Service Charges (-)	10/31/11	10.00	
Ending Balance	10/31/11	\$19,139.52	
DEPOSITS			
	10/4/11	11,000.00	
	10/7/11	3,965.05	
	10/17/11	2,716.19	
CHECKS (Asterisk * indicates break in check number sequence)			
	10/2/11	4001	6,000.00
	10/6/11	4002	1,105.68
	10/15/11	4003	41.00
	10/16/11	4004	45.00
	10/16/11	4006*	98.59
	10/17/11	4007	35.00
	10/20/11	4008	46.20
	10/23/11	4009	201.00
	10/30/11	4010	110.00
OTHER DEDUCTIONS (ATM's)			
	10/3/11	ATM	200.00
	10/14/11	ATM	400.00

Follow these steps to reconcile Mr. Parry's bank statement balance to Account No. 1020, Checking Account.



Banking



- From the Navigation Bar, select  Banking.  Reconcile Accounts.  
(Hint: You may also use the menu bar selections; Tasks, Account Reconciliation.) The Account Reconciliation window appears.
- In the Account to Reconcile field, select Account No. 1020, Checking Account. If necessary, enlarge the window.
- On the Account Reconciliation window, type **10** in the Service Charges field. The Date defaults to October 31, 2011. In the Account field, select Account No. 6850, Bank Service Charge.



4. In the Statement Ending Balance field (at the bottom of the window), type **19139.52**. (This is the ending balance on Mr. Parry's bank statement.)
5. In the Deposit/Bank Credit; Check/Bank Debit table, place a check mark ☒ in the Status column for each deposit, check, and ATM that is listed on the bank statement. Observe that Clear appears with a checkmark in it for each deposit, check, and ATM. Do not check off the outstanding checks: 4005, 4011, 4012, 4013.

### Comment

Observe that the Unreconciled Difference is zero (0.00). This zero balance is proof that Account No. 1020, Checking Account, is reconciled.

The GL (System) Balance is \$18,643.91. The transaction register on page 340 shows an October 30 balance of \$18,653.91. When you subtract the service charge of \$10, the transaction register balance ( $18,653.91 - 10 = 18,643.91$ ) agrees with the GL (System) Balance shown on the Account Reconciliation window.

**Account Reconciliation**

File Edit Go To Window Help

Account to Reconcile: 1020 Checking Account

Checks and Bank Debits - Cleared 12 for 8,292.47  
Deposits and Bank Credits - Cleared 3 for 17,681.24

Show: All Deposits and Bank Credits First Statement Date: Oct 31, 2011

Status	Reference	Deposit/Bank Credit	Check/Bank Debit	Date	Payee/Description
<input checked="" type="checkbox"/>	10/01/11	11,000.00		Oct 1, 2011	Deposit Ticket
<input checked="" type="checkbox"/>	10/04/11	3,965.05		Oct 4, 2011	Deposit Ticket
<input checked="" type="checkbox"/>	10/13/11	2,716.19		Oct 13, 2011	Deposit Ticket
<input checked="" type="checkbox"/>	4001		6,000.00	Oct 2, 2011	Money Market Account
<input checked="" type="checkbox"/>	ATM		200.00	Oct 3, 2011	ATM
<input checked="" type="checkbox"/>	4002		1,105.68	Oct 4, 2011	Office Depot
<input checked="" type="checkbox"/>	4003		41.00	Oct 9, 2011	U.S. Post Office
<input checked="" type="checkbox"/>	4004		45.00	Oct 9, 2011	Raver News
<input type="checkbox"/>	4005		39.00	Oct 9, 2011	WPS Gas
<input checked="" type="checkbox"/>	4006		98.59	Oct 10, 2011	Water and Power Co.
<input checked="" type="checkbox"/>	4007		35.00	Oct 10, 2011	Lake Telephone
<input checked="" type="checkbox"/>	4008		46.20	Oct 10, 2011	Long Distance Co.
<input checked="" type="checkbox"/>	ATM		400.00	Oct 14, 2011	ATM
<input checked="" type="checkbox"/>	4009				Auto Zone
<input checked="" type="checkbox"/>	4010				Matt Wilson
<input type="checkbox"/>	4011				Dept. of Motor Vehicles
<input type="checkbox"/>	4012				Office Supplies, Etc.
<input type="checkbox"/>	4013				Internet Service Provider

Key: ☐ Uncleared ☒ Cleared ☒ Autocleared ☐ New Bank Record

Interest Income: 0.00 Service Charges: Date: Oct 31, 2011 Account: 6850

Imported Interest: 0.00 Imported Charges: 0.00

Unreconciled difference shows 0.00

Statement Ending Balance: 19,139.52  
Outstanding Checks: 495.61  
Previous Statement: 0.00  
GL System Balance: 18,643.91  
Unreconciled Difference: 0.00

Beginning Transactions: >



6. When you are finished, click



The Account Reconciliation feature adjusts Mr. Parry's bank statement. Another name for this is **bank reconciliation** – the process of bringing the balance of the bank statement and the balance of the cash account into agreement. The Account Reconciliation can be used with other accounts, too.

## DISPLAYING THE ACCOUNT REGISTER

Entries for deposits and withdrawals are shown on PCA's **Account Register**.

1. From the Banking Navigation Center's Recently Used Banking Reports area, select **View Account Register**. Compare your Account Register to the one shown below.

Mike Parry Designer Account Register For the Period From Oct 1, 2011 to Oct 31, 2011 1020 - Checking Account						
Filter Criteria includes: Report order is by Date.						
Date	Trans No	Type	Trans Desc	Deposit A	Withdrawal	Balance
			Beginning Balance			17,750.75
10/1/11	10/01/11	Deposit	Deposit	11,000.00		28,750.75
10/2/11	4001	Withdrawal	Money Market Account		6,000.00	22,750.75
10/3/11	ATM	Withdrawal	ATM		200.00	22,550.75
10/4/11	10/04/11	Deposit	Deposit	3,965.05		26,515.80
10/4/11	4002	Withdrawal	Office Depot		1,105.68	25,410.12
10/9/11	4003	Withdrawal	U.S. Post Office		41.00	25,369.12
10/9/11	4004	Withdrawal	River News		45.00	25,324.12
10/9/11	4005	Withdrawal	WPS Gas		39.64	25,284.48
10/10/11	4006	Withdrawal	Water and Power Co.		98.59	25,185.89
10/10/11	4007	Withdrawal	Lake Telephone		35.00	25,150.89
10/10/11	4008	Withdrawal	Long Distance Co.		46.20	25,104.69
10/13/11	10/13/11	Deposit	Deposit	2,716.19		27,820.88
10/14/11	ATM	Withdrawal	ATM		400.00	27,420.88
10/15/11	4009	Withdrawal	Auto Zone		201.00	27,219.88
10/16/11	4010	Withdrawal	Matt Wilson		110.00	27,109.88
10/29/11	4011	Withdrawal	Dept. of Motor Vehicles		210.00	26,899.88
10/29/11	4012	Withdrawal	Office Supplies, Etc.		215.98	26,683.90
10/30/11	4013	Withdrawal	Internet Service Provide		29.99	26,653.91
10/31/11	10/31/11	Other	Service Charge		10.00	26,643.91
<b>Total</b>				<b>17,681.24</b>	<b>8,788.08</b>	

2. The Account Register and Mr. Parry's transaction register on pages 339-340 show the same results; *except* for the 10/31/11 service

charge of 10.00. Similar to the transaction register, PCA's Account Register lists deposits (receipts) and withdrawals (payments). If you notice a discrepancy use drill down to follow the path of the entry's origin. Follow these steps to use drill down:

- a. Double-click on the first 10/4/11 entry (Deposit for \$3,965.05). Notice that your cursor turns into a magnifying glass with a Z in the center.

10/4/11		10/04/11	Deposit	Deposit	3,965.05
---------	---	----------	---------	---------	----------

- b. The Receipts window appears with the October 4, 2011 deposit shown.
- c. If there is no need to make a correction, close the Receipts window. You are returned to the Account Register window.

Observe that the Account Register shows the Beginning Balance, Deposits, and Withdrawals (Checks, ATMs, bank service charge). It is okay if the Trans Description (transaction descriptions) differs.

You can also drill down from the Account Register to the Write Checks, Receipts, or General Journal windows. Drill down shows the original entry. For example, if you double-click on the check number, you go to the Write Checks window; if you double-click on the 10/31/11 entry for the service charge (10.00) you go to the General Journal Entry window.

3. Close the Account Register. If necessary, close the Select a Report or Form window.
4. Follow these steps to display the General Journal.
  - a. From the menu bar, click Reports & Forms, and then select General Ledger.

- b. Click General Journal; then click .

Mike Parry Designer General Journal					
For the Period From Oct 1, 2011 to Oct 31, 2011					
Filter Criteria includes: Report order is by Date. Report is printed with Accounts having Zero Amounts and with shortened descriptions and in Detail Format					
Date	Account ID	Reference	Trans Description	Debit Amt	Credit Amt
10/31/	1020	10/31/11	Service Charge		10.00
	6850		Service Charge	10.00	
		Total		10.00	10.00

c. Close the General Journal report.

## PRINTING THE CASH RECEIPTS JOURNAL

Follow these steps to print the Cash Receipts Journal.

1. From the Select a Report or Form window, select Accounts Receivable in the Reports area. (*Hint: If you are at the menu bar, select Reports & Forms; Accounts Receivable.*)
2. Double-click Cash Receipts Journal. The Cash Receipts Journal appears.

Mike Parry Designer Cash Receipts Journal					
For the Period From Oct 1, 2011 to Oct 31, 2011					
Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format					
Date	Account ID	Transaction Ref	Line Description	Debit Amn	Credit Amnt
10/1/11	2400 1020	Advance	Publisher's advance Deposit	11,000.00	11,000.00
10/4/11	4050 1020	Book royalty	Book royalty Deposit	3,965.05	3,965.05
10/13/11	4000 1020	Milwaukee CC	Teaching income Deposit	2,716.19	2,716.19
				17,681.24	17,681.24

### Comment

The information in the Transaction Ref column may differ. The information in the Transaction Ref column is the same as what you typed in the Reference field of the Receipts window.

3. Close the Cash Receipts Journal.

## PRINTING THE CASH DISBURSEMENTS JOURNAL


1. The Select a Report or Form window should be displayed. In the Reports area, highlight Accounts Payable.
2. Double-click the Cash Disbursements Journal.

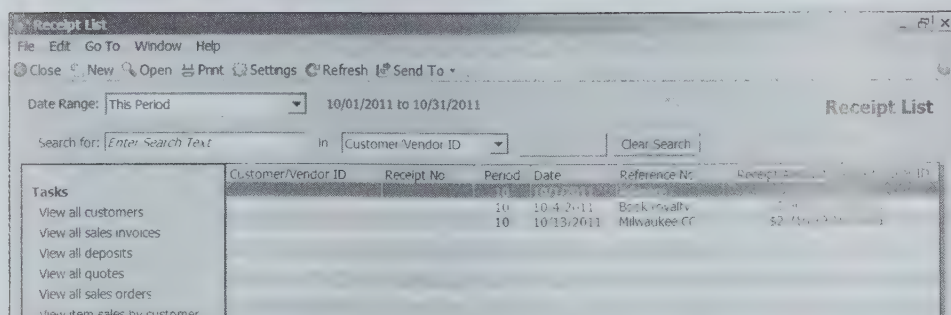
<b>Mike Parry Designer</b> <b>Cash Disbursements Journal</b> <b>For the Period From Oct 1, 2011 to Oct 31, 2011</b> <small>Filter Criteria includes: Report order is by Date Report is printed in Detail Format</small>					
Date	Check #	Account ID	Line Description	Debit Amount	Credit Amount
10/2/11	4001	1010 1020	Money Market Account Money Market Account		6,000.00
10/3/11	ATM	3930 1020	Mike Parry, Draw ATM	200.00	200.00
10/4/11	4002	1500 1020	Computer Equipment Office Depot	1,105.68	
10/9/11	4003	7400 1020	Postage Expense U.S. Post Office	41.00	41.00
10/9/11	4004	6100 1020	Dues and Subscriptions River News		45.00
10/9/11	4005	6400 1020	Utilities Expense WPS Gas	39.64	39.64
10/10/11	4006	6420 1020	Water and Power Expense Water and Power Co.	98.59	98.59
10/10/11	4007	6500 1020	Telephone Expense Lake Telephone	35.00	35.00
10/10/11	4008	6550 1020	Long Distance Co. Long Distance Co.	46.20	46.20
10/14/11	ATM	3930 1020	Mike Parry, Draw ATM	400.00	400.00
10/15/11	4009	6180 1020	Automobile Expense Auto Zone	201.00	201.00
10/16/11	4010	6180 1020	Automobile Expense Matt Wilson	110.00	110.00
10/29/11	4011	6150 1020	Auto Registration Dept. of Motor Vehicles	210.00	210.00
10/29/11	4012	1450 1020	Supplies Office Supplies, Etc.	215.98	215.98
10/30/11	4013	6560 1020	Internet Service Provider Internet Service Provider	29.99	29.99
<b>Total</b>				<b>8,778.08</b>	<b>8,778.08</b>

3. Close the Cash Disbursements Journal; close the Select a Report or Form window.


## EDITING JOURNAL ENTRIES

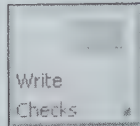
Compare your journal entries to the ones shown on pages 345–346. Some of the Line Descriptions may differ. This is okay. If your dates, check numbers, or account numbers are different, you should edit the journal entry. Follow these steps to edit the Cash Receipts Journal:

1. From the menu bar, click Tasks, Receipts. The Receipts window displays.
2. Click . The Receipt List window appears showing the three deposits.



Customer/Vendor ID	Receipt No.	Period	Date	Reference No.	Amount
		10	10-4-2011	Bank of America	\$2,000.00
		10	10-13-2011	Milwaukee CC	\$2,000.00

3. If you need to edit a deposit, double-click on it to drill down to the original entry on the Receipts window.
4. Make any necessary corrections, then click  to post.
5. Close all windows. (*Hint: From the menu bar, select Window, Close All.*)

6. Editing the Cash Disbursements Journal is similar. Go to ; select View and Edit Checks. The Write Checks List appears. Drill down to the check or ATM that needs to be edited.




7. If necessary, close all windows.


### DISPLAYING THE GENERAL LEDGER TRIAL BALANCE

Follow these steps to display the General Ledger Trial Balance:

1. From the menu bar, click Reports & Forms > General Ledger, General Ledger Trial Balance.

2. Click . Compare your General Ledger Trial Balance with the one shown below.

Mike Parry Designer General Ledger Trial Balance as of Oct 31, 2011			
Filter Criteria includes Report order is by ID Report is printed in Detail			
Account I	Account Description	Debit Amt	Credit Amt
1010	Money Market Account	14,700.00	
1020	Checking Account	18,643.99	
1040	IRA Savings Account	27,730.00	
1045	WI State Retirement	35,612.00	
1300	Prepaid Insurance	2,100.00	
1400	Prepaid Rent	600.00	
1450	Supplies	1,987.81	
1500	Computer Equipment	7,905.68	
1510	Furniture	5,000.00	
1520	Automobile	19,000.00	
2000	VISA Payable		5,250.65
2400	Publisher Advances		11,000.00
3920	Mike Parry, Capital		111,814.28
3930	Mike Parry, Draw	600.00	
4000	Teaching Income		2,716.19
4050	Royalty Income		3,965.05
6100	Dues and Subscriptions	45.00	
6150	Auto Registration	210.00	
6180	Automobile Expense	311.00	
6400	Utilities Expense	39.64	
6420	Water and Power Expense	98.59	
6500	Telephone Expense	35.00	
6550	Long Distance Co.	46.20	
6560	Internet Service Provider	29.99	
6850	Bank Service Charge	10.00	
7400	Postage Expense	41.00	
<b>Total:</b>		<b>134,746.17</b>	<b>134,746.17</b>

3. To print the general ledger trial balance, select , then make the selections to print.

Observe that the Checking Account (Account No. 1020) balance on the General Ledger Trial Balance and the GL (System) Balance on the Account Reconciliation window on page 342 are the same: 18,643.91.

## PRINTING FINANCIAL STATEMENTS

The Computer Accounting Cycle shows that adjusting entries are needed at this point. (See the Computer Accounting Cycle on page 48.) There is no need to complete adjusting entries at the end of October since quarterly adjusting entries are done on December 31, 2011. Instead, print Mr. Parry's financial statements.

Print the following financial statements:

1. <Standard> Balance Sheet. (*Hint:* Reports & Forms; Financial Statements. Or, from the Company Navigation Center's Recently Used Financial Statements, link to Std Balance Sheet, View, or Print.) The October 31, 2011 balance sheet is shown on the next page.

Mike Parry Designer Balance Sheet October 31, 2011		
ASSETS		
Current Assets		
Money Market Account	\$	14,700.00
Checking Account		18,643.91
IRA Savings Account		27,730.35
WI State Retirement		35,612.00
Prepaid Insurance		2,100.00
Prepaid Rent		600.00
Supplies		1,987.81
Total Current Assets		101,374.07
Property and Equipment		
Computer Equipment		7,905.68
Furniture		5,000.00
Automobile		19,000.00
Total Property and Equipment		31,905.68
Other Assets		
Total Other Assets		0.00
Total Assets	\$	133,279.75
LIABILITIES AND CAPITAL		
Current Liabilities		
VISA Payable	\$	5,250.66
Publisher Advances		11,000.00
Total Current Liabilities		16,250.66
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		16,250.66
Capital		
Mike Parry, Capital		111,029.10
Mike Parry, Draw		
Net Income		
Total Capital		117,029.10
Total Liabilities & Capital	\$	133,279.75
Unaudited - For Management Purposes Only		

## 2. Display or print the <Standard> Income Stmtnt.

### Comment

To print an Income Statement without zero balances, uncheck the Show Zero Amounts box on the <Standard> Income Statement Options window.

Mike Parry Designer Income Statement For the Ten Months Ending October 31, 2011					
	Current Month		Year to Date		
Revenues					
Teaching Income	\$ 2,716.19	40.65	\$ 27,161.90	40.65	
Royalty Income	3,965.05	59.35	39,650.50	59.35	
Total Revenues	6,681.24	100.00	66,812.40	100.00	
Cost of Sales					
Total Cost of Sales	0.00	0.00	0.00	0.00	
Gross Profit	6,681.24	100.00	66,812.40	100.00	
Expenses					
Dues and Subscriptions	45.00	0.67	450.00	0.67	
Auto Registration	210.00	3.14	2,100.00	3.14	
Automobile Expense	311.00	4.65	3,110.00	4.65	
Utilities Expense	39.64	0.59	396.40	0.59	
Water and Power Expense	98.59	1.48	985.90	1.48	
Telephone Expense	35.00	0.52	350.00	0.52	
Long Distance Co.	46.20	0.69	462.00	0.69	
Internet Service Provider	29.99	0.45	299.90	0.45	
Bank Service Charge	10.00	0.15	100.00	0.15	
Postage Expense	41.00	0.61	410.00	0.61	
Total Expenses	866.42	12.97	8,664.20	12.97	
Net Income	\$ 5,814.82	87.03	\$ 58,148.20	87.03	
For Management Purposes Only					

Observe that both the balance sheet and income statement include a line at the bottom of the report that says "For Management Purposes Only."


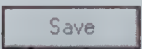

In addition to dollar amounts, observe that the income statement also includes percentage of revenue columns for both the current month and the year to date. The percentages shown for each expense, total expenses, and net income indicate the relationship of each item to total revenues.

Additional financial statements are printed at the end of the quarter.

### BACKING UP CHAPTER 10 DATA

Follow these steps to back up Chapter 10 data to this point in your work. This backup saves the following data: new company set up (pages 282-288), chart of accounts (pages 290-297), beginning balances (pages 305-309), the entries recorded in the Receipts and Write Checks windows (pages 331-340); Account Reconciliation (pages 340-343); the General Journal, Cash Receipts Journal, Cash Disbursements Journal, the General Ledger Trial Balance, and Financial Statements (pages 345-351).

Each backup allows you to restore data to different points in the data. Observe that each time you backup, the instructions show a different file name. This allows you to distinguish one backup file from another one.

1. If necessary, close all windows. From the Company Navigation Center, link to Back up. (Or, from the menu bar, select File, then Back Up.)
2. If necessary, uncheck the box next to Include company name in the backup file name. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 10 October** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 7.16MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to this point in Chapter 10.

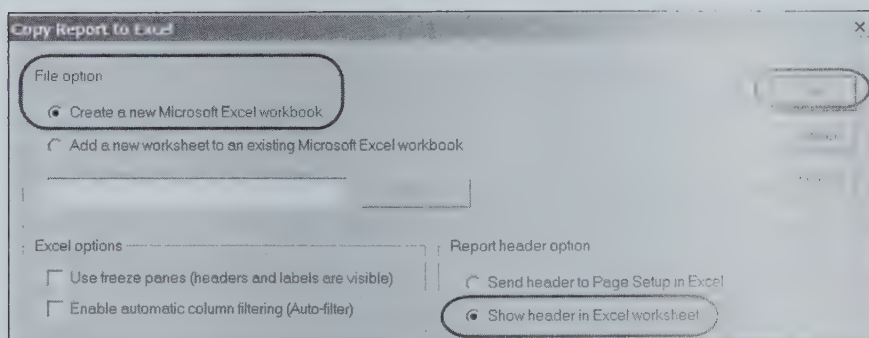
### EXPORT THE INCOME STATEMENT AND BALANCE SHEET TO EXCEL

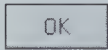

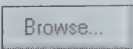
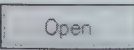
Follow the steps on the next page to export the October Balance Sheet and Income Statement to Excel.

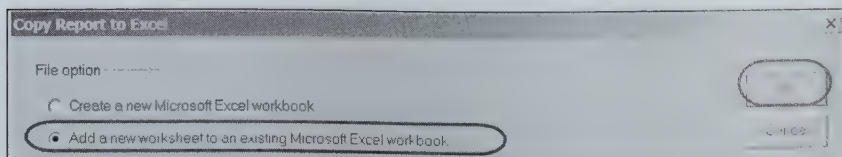



1. Display the <Standard> Income Statement without zero amounts.

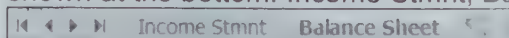
2. Click . On the Copy Report to Excel window, in the file option area, Create a new Microsoft Excel workbook should be selected. In the Report header option field, Show header in Excel worksheet is selected.




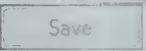
3. Click . The income statement appears in Excel. Save. Use the file name **Chapter 10\_October Balance Sheet and Income Statement.xlsx**.
4. Maximize Peachtree. Go to Peachtree's Select a Report or Form window. Select <Standard> Balance Sheet. On the Balance Sheet report window, click .
5. On the Copy Report to Excel window, select Add a new worksheet to an existing Microsoft Excel workbook. Click  to go to the location of the saved file. Click .



6. Click . The Excel file opens. Observe that two sheets are shown at the bottom: Income Stmtnt, Balance Sheet



7. Save the Excel file. Exit Excel. Close all Peachtree windows.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 10. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Internet Activities for Chapter 9-11. Select  or  .
4.	If necessary, scroll down to UNDERSTANDING ACCOUNTING TERMS – Chapter 10. Read steps 1, 2, and 3.
5.	Follow the steps shown on the textbook website to complete this Internet activity.
6.	Use a word processing program to write a summary for each website visited. Your summaries should be no more than 75 words.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, pages 355
2. Short-answer questions, pages 355-357.
3. Exercises 10-1 and 10-2, pages 358-362.
4. Assessment rubric, page 362.
5. Analysis question, page 362
6. Chapter 10 Index, page 363.

## GOING TO THE NET

Access the Peachtree Quantum website

<http://www.peachtree.com/quantum/ptQuantum/features.htm>. Answer the following.

1. List seven Peachtree Quantum strengths.
2. Explain the Peachtree Quantum features that are industry specific. (Select the My Industry tab. The URL is <http://www.peachtree.com/quantum/industry/default.cfm>.)

**Short-Answer Questions:** In the space provided, write an answer to the question.

1. In Chapter 10, what source documents are used to complete Mr. Parry's accounting? Include the month in your answer.

---



---



---

2. The file restored to begin Chapter 10 is:

---



---



---

3. To make sure you are starting in the appropriate place in the data, display this financial statement:

---

---

---

4. The Receipts window is also known as this journal:

---

---

5. The Write Checks window is also known as this journal:

---

---

6. When the Receipts window is used, what account is automatically debited? (Identify the account number and name.)

---

---

7. When the Write Checks window is used, what account is automatically credited? (Identify the account number and name.)

---

---

8. Explain Peachtree's account reconciliation feature. Does the bank reconciliation.

---

---

9. What does the term transaction register refer to?

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---

---

10. The transaction register shows payments and deposits. What are two examples of payments, and what Peachtree window is used? What Peachtree window is used to record deposits?

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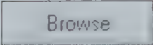
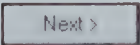
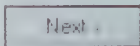
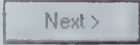
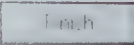
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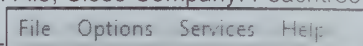
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**Exercise 10-1:** Follow the instructions below to complete Exercise 10-1. Exercises 9-1 and 9-2 *must* be completed before starting Exercise 10-1.

1. Start PCA. Open the company that you set up in Exercise 9-1, Art by Your Name. The suggested company name in Exercise 9-1, page 320, was Art by your first and last name. (Hint: If a different company opens, select File; Open Previous Company. Select No to opening two companies.)
2. Follow these steps to restore Exercise 9-2. This backup was made on page 326.

- a. From the Navigation Bar, select ; link to Restore. (If necessary, put external monitor into the appropriate drive.)
- b. The Select Backup File window appears. (If necessary, click . In the Look in field, select the appropriate location of the Exercise 9-2.ptb back file.) Make sure the Location field on the Select Backup File window shows Exercise 9-2.ptb. Click .
- c. The Select Company window appears. The radio button next to An Existing Company is selected. Check that the Company Name and Location fields are correct. Click .
- d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
- e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored.

<sup>11</sup>You can restore from your back up file even if *no* Peachtree company exists. From the menu bar, click File; Close Company. Peachtree's startup window appears with four menu bar options--. Select File; Restore. Browse to the location of the Exercise 9-2.ptb backup file. On the Restore Wizard's Select Company window, select A New Company. The A New Company selection allows you to restore backup data *and* set up the company (refer to Troubleshooting, pp. 298-299).

- f. If necessary, remove the external media.
3. To make sure you are starting in the correct place, display the Balance Sheet. Compare it to the one completed in Exercise 9-2, page 325, step 2.
4. Use the transaction register below to record and post checks, ATMs, and deposits. (*Hint: From the Banking Navigation Window, use Write Checks for checks and ATMs. From the menu bar, use Tasks; Receipts for deposits.*)

Transaction Register					
Ck. No.	Date	Description of Transaction	Payment	Deposit	Balance
	9/30/11	Balance brought forward			13,500.00
	10/1/11	Deposit (Art income)		2,300.00	15,800.00
	10/2/11	ATM	100.00		15,700.00
1001	10/3/11	Accounts Payable	1,050.00		14,650.00
	10/8/11	Deposit (Teaching Income)		2,100.00	16,755.00
1002	10/9/11	Utilities Co. <sup>12</sup>	45.80		16,709.20
1003	10/10/11	Melody Advertising, Inc.	115.00		16,594.20
1004	10/13/11	U.S. Post Office	41.00		16,553.20
1005	10/13/11	Design Workshop (conference) <sup>13</sup>	195.00		16,358.20
1006	10/15/11	Bell Telephone	55.15		16,303.05
1007	10/16/11	DSL Service <sup>14</sup>	29.95		16,273.10
	10/20/11	ATM	100.00		16,173.10
1008	10/28/11	Prospect Office Supplies <sup>15</sup>	137.80		16,035.30
	10/30/11	ATM	200.00		15,835.30

5. Backup. The suggested file name is **Exercise 10-1.ptb**.

<sup>12</sup>Debit Account No. 6400, Utilities Expense.

<sup>13</sup>Debit Account No. 6800, Conference Fees.

<sup>14</sup>Debit Account No. 6560, Internet Service Provider.

<sup>15</sup>Debit Account No. 1450, Supplies.

6. Exit Peachtree or continue with Exercise 10-2.

**Exercise 10-2:** Follow the instructions below to complete Exercise 10-2. Exercises 9-1, 9-2, and 10-1 must be completed before starting Exercise 10-2.

1. If necessary, start PCA. Open the company that you set up in Exercise 9-1, Art by Your Name.
2. If necessary, restore the Exercise 10-1.ptb backup file.
3. Use the Bank Statement below to complete Account Reconciliation. Record the bank service charge on the Account Reconciliation window.



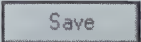
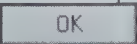
Statement of Account Fidelity Bank October 1 to October 31, 2011		Account No. 591823-19		Art by Your Name Your Address Your City, State, Zip	
REGULAR CHECKING					
Previous Balance	9/30/11	13,550.00			
2 Deposits(+)					
6 Checks (-)		1,476.75			
3 Other Deductions (-)		00			
Service Charges (-)	10/31/11	12.00			
Ending Balance	10/31/11	16,016.25			
DEPOSITS					
	10/6/11	2,300.00			
	10/8/11	2,105.00			
CHECKS (Asterisk * indicates break in check number sequence)					
	10/10/11	1001	1,050.00		
	10/10/11	1002	45.80		
	10/24/11	1003	115.00		
	10/24/11	1004	41.00		
	10/27/11	1005	195.00		
	10/30/11	1007*	29.95		
OTHER DEDUCTIONS (ATM's)					
	10/2/11	100.00	10/30/11		200.00
	10/20/11	100.00			

4. Print an Account Reconciliation report. (*Hint: Reports & Forms; Account Reconciliation.*)
5. Print the Account Register.
6. Print the General Journal.
7. Print the Cash Receipts Journal.
8. Print the Cash Disbursements Journal.
9. Print the General Ledger Trial Balance.
10. Print the Balance Sheet and Income Statement.

**Check Your Figures:**

Account No 1020, Fidelity Bank	\$15,823.30
Total Liabilities & Capital	\$47,511.10
Net Income	\$3,911.10

11. Follow these steps to back up Exercise 10-2

- a. From the Navigation Bar, select  link to Back up. (Or, from the menu bar, select File, then Back up.
- b. If necessary, uncheck the box next to Include company name in the backup file name. Click .
- c. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Exercise 10-2** in the File name field.
- d. Click .
- e. When the window prompts that This company backup will require approximately 6.69MB, click on . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 10.

12. Export the Income Statement and Balance Sheet to Excel. Use the file name **Exercise 10-2\_October Balance Sheet and Income Statement.xlsx**.
13. Exit Peachtree.

### ASSESSMENT RUBRIC

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 10, Assessment Rubric link. To review Peachtree's navigation centers, menu selections and windows, complete the blank fields online.

Task	Date	Navigation Bar or Menu bar	Task Window	Journal Dr. and Cr.
ATM (Exercise 10-1)	10/2/11			
Deposit (Exercise 10-1)	10/8/11			

### ANALYSIS QUESTION

What is account reconciliation?



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# Chapter 11 Completing Quarterly Activities and Closing the Fiscal Year

## LEARNING OBJECTIVES

1. Restore data from Chapter 10.<sup>1</sup> (This backup was made on page 352.)
2. Define Peachtree's General Ledger System.
3. Change accounting periods.
4. Record and post deposits, checks, and ATM transactions for November and December.
5. Complete account reconciliation.
6. Display Peachtree's data file statistics window.
7. Print a General Ledger Trial Balance (unadjusted).
8. Journalize and post end-of-quarter adjusting entries in the General Journal.
9. Print the Adjusted Trial Balance and financial statements.
10. Close the fiscal year.
11. Print a Postclosing Trial Balance.
12. Export the financial statements to Excel.
13. Complete the Internet Activity online at [www.mhhe.com/yach-2011](http://www.mhhe.com/yach-2011).
14. Make eight backups and save four Excel files.<sup>2</sup>

Chapters 9, 10 and 11 work together. In Chapter 11 you continue recording financial information for Mike Parry Designer. You complete the computer accounting cycle for November and December. Mr. Parry's transaction registers and bank statements are used as source documents. At the end of December, which is also the end of the fourth quarter, you complete adjusting entries, print financial statements, and close the fiscal year.

## GENERAL LEDGER SYSTEM (GL)

Peachtree's **General Ledger System** is the complete collection of accounts (chart of accounts) of a company, transactions associated with these accounts, and account balances for a specified period of time. In

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<sup>1</sup>All activities in Chapters 9 and 10 must be completed before starting Chapter 11.

<sup>2</sup>For the size of backup files, refer to the chart on pages 279--280.

Peachtree, the GL is the combination of all journal entries that have been recorded and posted. The account balances are then collected and shown on the company's financial statements.

Similar to other modules, the General Ledger system is organized together within Peachtree's interface. On the **Tools & Forms** menu, the General Ledger selection shows the GL system in one place: Chart of Accounts, General Journal, General Ledger, and Trial Balance. The Navigation Bar's Banking selection shows the Account Register and Chart of Accounts (two icons associated with the GL system). The journal associated with the General Ledger System is the general journal. Observe that the Tasks menu includes General Journal entry in one section--

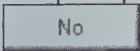
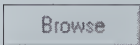
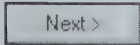
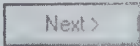
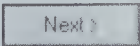

General Journal Entry...

The steps of the computer accounting cycle that are completed in Chapter 11 are shown below.

PCA's Computer Accounting Cycle	
1.	Change accounting periods.
2.	Journalize entries.
3.	Post entries to the General Ledger.
4.	Account Reconciliation.
5.	Print the General Ledger Trial Balance (unadjusted).
6.	Journalize and post adjusting entries.
7.	Print the General Ledger Trial Balance (adjusted).
8.	Print the financial statements: Balance Sheet, Income Statement, Statement of Cash Flow, Statement of Retained Earnings, and Statement of Changes in Financial Position.
9.	Close the fiscal year.
10.	Interpret accounting information.

## GETTING STARTED


Follow these steps to continue using Mike Parry's company data.

1. Start Peachtree. Open an existing company, Mike Parry Designer (or your name Designer).<sup>3</sup> (*Hint: If a different company opens, select File; Open a Previous Company. Select Mike Parry [your name] Designer. If the screen prompts Do you want to keep Art by Your Name open?, click .*.)
2. To restore Mike Parry's data from Chapter 10, do the following. The Chapter 10 October.ptb backup was made on page 352.
  - a. From the Company Navigation Center, link to Restore. (Or, from the menu bar, click File, Restore. If necessary, put external media into the appropriate drive.)
  - b. The Select Backup File window appears. (If necessary, click . In the Look in field, select the appropriate location of your Chapter 10 October.ptb file.) Make sure the Location field on the Select Backup File window shows the Chapter 10 October.ptb file. Click .
  - c. The Select Company window appears. The radio button next to An Existing Company is selected. Check that the Company Name and Location fields are correct. Click .
  - d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
  - e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored.

<sup>3</sup>You can restore from your back up file even if *no* designer company exists. From Peachtree's start up window, select File; Restore. Select the location of your backup file. On the Restore Wizard's Select Company window, select A New Company. The A New Company selection allows you to restore your backup data, bypassing the process of new company set up. For more information, refer to Troubleshooting on pages 302-303.

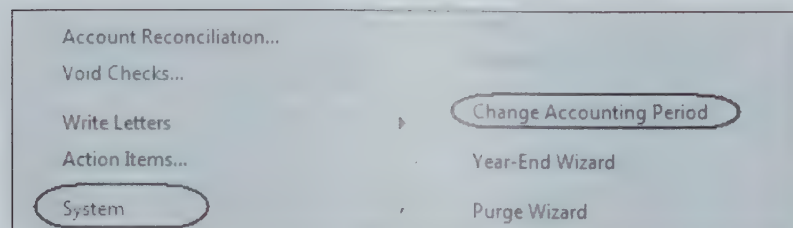


- f. If necessary, remove the external media

 To make sure you are starting in the appropriate place in the data (Chapter 10 October.ptb backup) check the General Ledger Trial Balance. A partial General Ledger Trial Balance, showing asset account balances, is shown below. The complete General Ledger Trial Balance is shown in Chapter 10 on page 348.

Mike Parry Designer General Ledger Trial Balance As of Oct 31, 2011			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format			
Account ID	Account Description	Debit Am	Credit A
1010	Money Market Account	14,700.00	
1020	Checking Account	18,643.00	
1040	IRA Savings Account	27,730.00	
1045	WI State Retirement	35,600.00	
1300	Prepaid Insurance	1,000.00	
1400	Prepaid Rent	1,000.00	
1450	Supplies	1,000.00	
1500	Computer Equipment	7,905.68	
1510	Furniture	5,000.00	
1520	Automobile	10,000.00	

3. Follow these steps to change accounting periods:
- From the menu bar, select Tasks, then System.
  - From the System menu, select Change Accounting Period.



- From the Open Accounting Periods list, select 11-Nov 01, 2011 to Nov 30, 2011. Compare your Change Accounting Period window to the one on the next page.

Change Accounting Period

Cancel

OK

Help

To change your current accounting period, from the list select the period you want to operate in. Moving forward, you should do this at the beginning of each new accounting period. If a "lock" icon appears next to periods listed in the box, security has been turned on. This restricts certain Peachtree users from working with transactions that fall in periods prior to the currently open one.

Open Accounting Periods:

01 - Jan	01, 2011 to Jan	31, 2011
02 - Feb	01, 2011 to Feb	28, 2011
03 - Mar	01, 2011 to Mar	31, 2011
04 - Apr	01, 2011 to Apr	30, 2011
05 - May	01, 2011 to May	31, 2011
06 - Jun	01, 2011 to Jun	30, 2011
07 - Jul	01, 2011 to Jul	31, 2011
08 - Aug	01, 2011 to Aug	31, 2011
09 - Sep	01, 2011 to Sep	30, 2011
10 - Oct	01, 2011 to Oct	31, 2011
11 - Nov	01, 2011 to Nov	30, 2011
12 - Dec	01, 2011 to Dec	31, 2011
13 - Jan	01, 2012 to Jan	31, 2012
14 - Feb	01, 2012 to Feb	29, 2012
15 - Mar	01, 2012 to Mar	31, 2012
16 - Apr	01, 2012 to Apr	30, 2012
17 - May	01, 2012 to May	31, 2012
18 - Jun	01, 2012 to Jun	30, 2012
19 - Jul	01, 2012 to Jul	31, 2012
20 - Aug	01, 2012 to Aug	31, 2012
21 - Sep	01, 2012 to Sep	30, 2012
22 - Oct	01, 2012 to Oct	31, 2012
23 - Nov	01, 2012 to Nov	30, 2012
24 - Dec	01, 2012 to Dec	31, 2012

Current Accounting Period: —

11 - Nov 01, 2011 to Nov 30, 2011

Open Fiscal Years:

January 1, 2011 to December 31, 2011


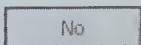


January 1, 2012 to December 31, 2012

Open Payroll Tax Years

January 1, 2011 to December 31, 2011

January 1, 2012 to December 31, 2012

d. Make sure you selected period 11 - Nov 01, 2011 to Nov 30,

2011. Click . If necessary, click  when the Would you like to print your reports before continuing? window appears. If a window prompts Would you like to run an Internal Accounting Review, read the information on this window, then click . Observe that the toolbar shows .

When accounting periods are changed, you print Peachtree to record November's entries. Peachtree's task windows and reports are updated to November 2011.

### TRANSACTION REGISTER AND BANK STATEMENT: NOVEMBER 2011

Use Mr. Parry's transaction register to journalize and post transactions for the month of November. (*Hint: Use Write Checks from the Banking Navigation Center for recording checks and Write Receipts from the Tasks menu for recording deposits. Remember to save after each transaction. Saving posts the entry to the transaction journal and the general ledger.*)

#### Comment

Before journalizing entries, make sure that you are starting with correct data. To do that, display the General Ledger Trial Balance and compare it to the one shown on page 348 in Chapter 10. Since you changed accounting periods on pages 368 and 369, your trial balance will be dated November 30, 2011. Verify that Account No. 1020, Checking Account, shows a balance of \$18,643.91 which is the same as the starting balance in the transaction register below.

Transaction Register Mike Parry Designer					
Check Number	Date	Description of Transaction	Payment	Deposit	Balance
	10/31	Bank Service Charge	10.00		18,643.91
	11/3	Deposit (book royalty)		2,455.85	21,099.76
	11/5	ATM	200.00		20,899.76
	11/6	Deposit (Milwaukee CC)		2,716.19	23,615.95
4014	11/11	Water and Power Co.	90.50		23,525.45
4015	11/11	WPS Gas	53.90		23,471.55
4016	11/12	Lake Bell	45.08		23,426.47
4017	11/14	Long Distance Co.	81.50		23,344.97
	11/16	ATM	200.00		23,144.97
4018	11/27	VISA card payment	5,250.65		17,894.32
4019	11/28	Internet Service Provider	29.99		17,864.33
	11/28	ATM	200.00		17,664.33

Follow the steps on the next page to complete the computer accounting cycle.

1. Journalize and post the checks and deposits using the transaction register. (*Hint: Start entries with the November 3 deposit. Remember to record each transaction--checks, deposits, ATM withdrawals--as a separate entry. Save to post after each transaction.*)
2. Use Mr. Parry's bank statement to complete the account reconciliation for Account No. 1020, Checking Account.

Remember to record the bank service charge (Account No. 6850) on the Account Reconciliation window.

Statement of Account		Mike Parry Designer		
Downtown Bank		1213 River Road		
November 1 to November 30, 2011		Account No. 231852-80	Milwaukee, WI 53217	
REGULAR CHECKING				
Previous Balance	10/31/11	19,139.52		
2 Deposits(+)		5,172.04		
8 checks (-)		766.59		
3 Other deduction (-)		600.00		
Service Charges (-)	11/30/11	10.00		
Ending Balance	11/30/11	22,934.97		
DEPOSITS				
	11/3/11	2,455.85		
	11/8/11	2,716.19		
CHECKS (Asterisk * indicates break in check number sequence)				
	11/3/11	4005*	39.64	
	11/3/11	4011	210.00	
	11/3/11	4012	215.98	
	11/5/11	4013	29.99	
	11/17/11	4014	90.50	
	11/27/11	4015	53.90	
	11/28/11	4016	45.08	
	11/28/11	4017	81.50	
Continued				

OTHER DEDUCTIONS (ATM's)			
	11/5/11	200.00	
	11/16/11	200.00	
	11/28/11	200.00	

3. Follow these steps to display the Account Register.
  - a. From Banking Navigation Center's Recently Used Baking Reports area, select View Account Register. (Hint: You can also go to the menu bar selection Reports & Forms, Account Reconciliation, Account Register.)
  - b. Compare your Account Register to the transaction register on pages 370. If necessary, drill down to make corrections.

Mike Parry Designer Account Register For the Period From Nov 1, 2011 to Nov 30, 2011 1020 - Checking Account						
Filter Criteria includes: Report order is by Date						
Date	Trans No	Type	Trans Desc	Deposit Am	Withdrawal Amt	Balance
			Beginning Balance			18,643.91
11/3/11	11/03/11	Deposit	Deposit	2,455.85		21,099.76
11/5/11	ATM	Withdrawal	ATM		200.00	20,899.76
11/6/11	11/06/11	Deposit	Deposit	2,716.19		23,615.95
11/11/11	4014	Withdrawal	Water and Power Co.		90.50	23,525.45
11/11/11	4015	Withdrawal	WPS Gas		53.90	23,471.55
11/12/11	4016	Withdrawal	Lake Bell		45.08	23,426.47
11/14/11	4017	Withdrawal	Long Distance Co.		81.50	23,344.97
11/16/11	ATM	Withdrawal	ATM		200.00	23,144.97
11/27/11	4018	Withdrawal	VISA card payment		5,250.65	17,894.32
11/28/11	4019	Withdrawal	Internet Service Provider		29.99	17,864.33
11/28/11	ATM	Withdrawal	ATM		200.00	17,664.33
11/30/11	11/30/11	Other	Service Charge		10.00	17,654.33
Total				5,172.04	6,161.62	

4. Close the Account Register report.
5. Follow these steps to print an Account Reconciliation report:
  - a. From the menu bar, click Reports & Forms; Account Reconciliation.



b. At the Select a Report window, highlight Account Reconciliation.

c. Click . The Modify Report – Account Reconciliation window appears. Observe that the As of field shows Current Period. Click .

d. At the Print window, click .

Mike Parry Designer Account Reconciliation As of Nov 30, 2011 1020 - Checking Account Bank Statement Date: November 30, 2011				
Filter Criteria includes: Report is printed in Detail Format.				
Beginning GL Balance				18,643.91
Add: Cash Receipts				5,172.04
Less: Cash Disbursements				(6,151.62)
Add (Less) Other				(10.00)
Ending GL Balance				17,654.33
Ending Bank Balance				22,934.97
Add back deposits in transit				
Total deposits in transit				
(Less) outstanding checks				
	Nov 27, 20	4018	(5,250.65)	
	Nov 28, 20	4019	(29.99)	
Total outstanding checks			(5,280.64)	
Add (Less) Other				
Total other				
Unreconciled difference				0.00
Ending GL Balance				17,654.33

6. Close the account reconciliation report.

7. Print or display the Cash Receipts Journal.

Mike Parry Designer Cash Receipts Journal For the Period From Nov 1, 2011 to Nov 30, 2011					
Filter Criteria includes Report order is by Check Date Report is printed in Detail Format.					
Date	Account ID	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
11/3/1	4050 1020	Book royalty	Book royalty Deposit	2,455.85	2,455.85
11/6/1	4000 1020	Milwaukee CC	Teaching income Deposit	2,716.10	2,716.10
				5,171.95	5,171.95

8. Print or display your Cash Disbursements Journal and compare it to the one shown.

Mike Parry Designer Cash Disbursements Journal For the Period From Nov 1, 2011 to Nov 30, 2011					
Filter Criteria includes Report order is by Date Report is printed in Detail Format.					
Date	Check #	Account ID	Line Description	Debit Amount	Credit Amount
11/5/11	ATM	3930 1020	Mike Parry, Draw ATM		200.00
11/11/11	4014	6420 1020	Water and Power Expense Water and Power Co		90.50
11/11/11	4015	6400 1020	Utilities Expense WPS Gas		53.90
11/12/11	4016	6500 1020	Telephone Expense Lake Bell	45.08	45.08
11/14/11	4017	6550 1020	Long Distance Co. Long Distance Co.	81.50	81.50
11/16/11	ATM	3930 1020	Mike Parry, Draw ATM	200.00	200.00
11/27/11	4018	2000 1020	VISA Payable VISA card payment	5,250.65	5,250.65
11/28/11	4019	6560 1020	Internet Service Provider Internet Service Provider	29.99	29.99
11/28/11	ATM	3930 1020	Mike Parry, Draw ATM	200.00	200.00
Total				6,151.62	6,151.62

9. Print or display the general journal to see the bank service charge.

Mike Parry Designer General Journal For the Period From Nov 1, 2011 to Nov 30, 2011					
Filter Criteria includes: Report order is by Date. Report is printed with Accounts having Zero Amounts and with shortened descriptions and in Detail Format.					
Date	Account ID	Reference	Trans Description	Debit Am	Credit Amt
11/30/11	1020	11/30/11	Service Charge		10.00
	6850		Service Charge	10.00	
		Total		10.00	10.00

If your journals do not agree with the ones shown, edit the journals and post again. (Refer to page 347 Editing Journal Entries.)

# 10. Print or display the General Ledger Trial Balance.

Mike Parry Designer General Ledger Trial Balance As of Nov 30, 2011			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.			
Account I	Account Description	Debit Amt	Credit Amt
1010	Money Market Account	14,700.00	
1020	Checking Account	17,654.33	
1040	IRA Savings Account	27,730.35	
1045	Wt State Retirement	35,612.00	
1300	Prepaid Insurance	2,100.00	
1400	Prepaid Rent	600.00	
1450	Supplies	1,987.81	
1500	Computer Equipment	7,905.68	
1510	Furniture	5,000.00	
1520	Automobile	19,000.00	
2400	Publisher Advances		11,000.00
3920	Mike Parry, Capital		111,814.28
3930	Mike Parry, Draw	1,200.00	
4000	Teaching Income		5,432.38
4050	Royalty Income		6,420.90
6100	Dues and Subscriptions	45.00	
6150	Auto Registration	210.00	
6180	Automobile Expense	311.00	
6400	Utilities Expense	93.54	
6420	Water and Power Expen	189.09	
6500	Telephone Expense	80.08	
6550	Long Distance Co.	127.70	
6560	Internet Service Provider	59.98	
6850	Bank Service Charge	20.00	
7400	Postage Expense	41.00	
	Total:	134,667.56	134,667.56

## 11. Print or display the Balance Sheet.

Mike Parry Designer Balance Sheet November 30, 2011		
ASSETS		
Current Assets		
Money Market Account	\$ 14,700 00	
Checking Account	17,654 33	
IRA Savings Account	27,730 35	
WI State Retirement	35,612 00	
Prepaid Insurance	2,100 00	
Prepaid Rent	600 00	
Supplies	1,987 81	
Total Current Assets		
Property and Equipment		
Computer Equipment	7,905 68	
Furniture	5,000 00	
Automobile	19,000 00	
Total Property and Equipment		
Other Assets		
Total Other Assets		
Total Assets		
LIABILITIES AND CAPITAL		
Current Liabilities		
Publisher Advances	\$ 11,000 00	
Total Current Liabilities		11,000 00
Long-Term Liabilities		
Total Long-Term Liabilities		0 00
Total Liabilities		11,000 00
Capital		
Mike Parry, Capital	111,814 28	
Mike Parry, Draw	(1,200 00)	
Net Income	10,675 80	
Total Capital		121,290 17
Total Liabilities & Capital	\$	132,290 17
Unaudited - For Management Purposes Only		

## 12. Print or display the Income Statement.

Mike Parry Designer Income Statement For the Eleven Months Ending November 30, 2011				
	Current Month			
Revenues				
Teaching Income	\$ 2,716.19	\$2,522.52	\$	1,522.52
Royalty Income	2,455.85	477.48		477.48
Total Revenues	5,172.04	100.00		
Cost of Sales				
Total Cost of Sales	0.00	0.00		
Gross Profit	5,172.04	100.00		
Expenses				
Dues and Subscriptions	0.00	0.00		
Auto Registration	0.00	0.00		
Automobile Expense	0.00	0.00		
Utilities Expense	53.90	1.04		
Water and Power Expense	90.50	1.75		
Telephone Expense	45.08	0.87		
Long Distance Co.	81.50	1.58		
Internet Service Provider	29.99	0.58		
Bank Service Charge	10.00	0.19		
Postage Expense	0.00	0.00		
Total Expenses	310.97	6.01		
Net Income	\$ 4,861.07	93.99	\$	1,000.00
For Management Purposes Only				

- **Troubleshooting:** Why are my Current Month and Year to Date balances different than the Income Statement shown?

On the Income Statement shown above, the Year to Date column accumulates balances for October *and* November; the Current Month column reflects November only.

In Chapter 9, on page 307, the instructions said "beginning balances must be set for the previous month, September 1-30, 2011." If you did not set your chart of accounts beginning balances correctly, the Current Month and Year to Date columns will differ from those shown above. To see when your beginning balances were set, display the General Ledger from Period 9 (9/1/2011) to Period 11 (11/30/2011).

The partial general ledger shown on the next page shows beginning balances set correctly.



Mike Parry Designer							
General Ledger							
For the Period From Sep 1, 2011 to Nov 30, 2011							
Filter Criteria includes: Report order is by ID. Report is printed with shortened descriptions and in Detail Format.							
Account ID	Date	Referen	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
Account Description							
1010	8/1/11			Beginning Balance			
Money Market Account	9/1/11	BEGBAL	GENJ				
	10/1/11			Current Period Change	8,700.00		8,700.00
	10/2/11	4001	CDJ	Money Market Account	6,000.00		
	11/1/11			Current Period Change	6,000.00		6,000.00
	11/30/11			Beginning Balance			14,700.00
				Ending Balance			14,700.00

To display the General Ledger from Sep 1, 2011 to Nov 30, 2011 do this:

- From the Reports & Forms menu, select General Ledger, click General Ledger.

- Click .


- In the From field, select Period 9, (9/1/11). The To field shows Period 11, (11/30/11).



- Click .

The beginning balance period cannot be changed later. If you do not want to start again, ask your instructor for his or her advice.

## BACKING UP NOVEMBER DATA

Follow these steps to back up Chapter 11 data:

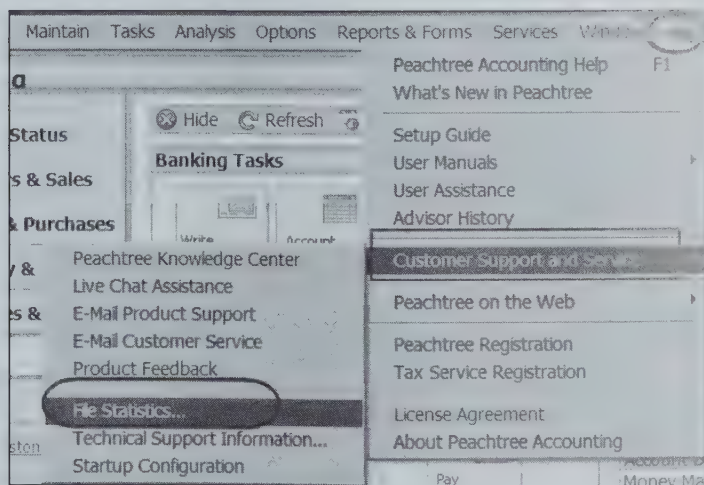
- From the Company Navigation Center, link to Back up. (Or, from the menu bar, select File, then Back up.)
- If necessary, uncheck the box next to Include company name in the backup file name. Click .
- Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 11 November** in the File name field.

4. Click .
5. When the window prompts that This company backup will require approximately 7.17MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 11.

## DATA FILE STATISTICS

To display information about your company data files, follow these steps.

1. From the menu bar, click Help; Customer Support and Service, File Statistics.



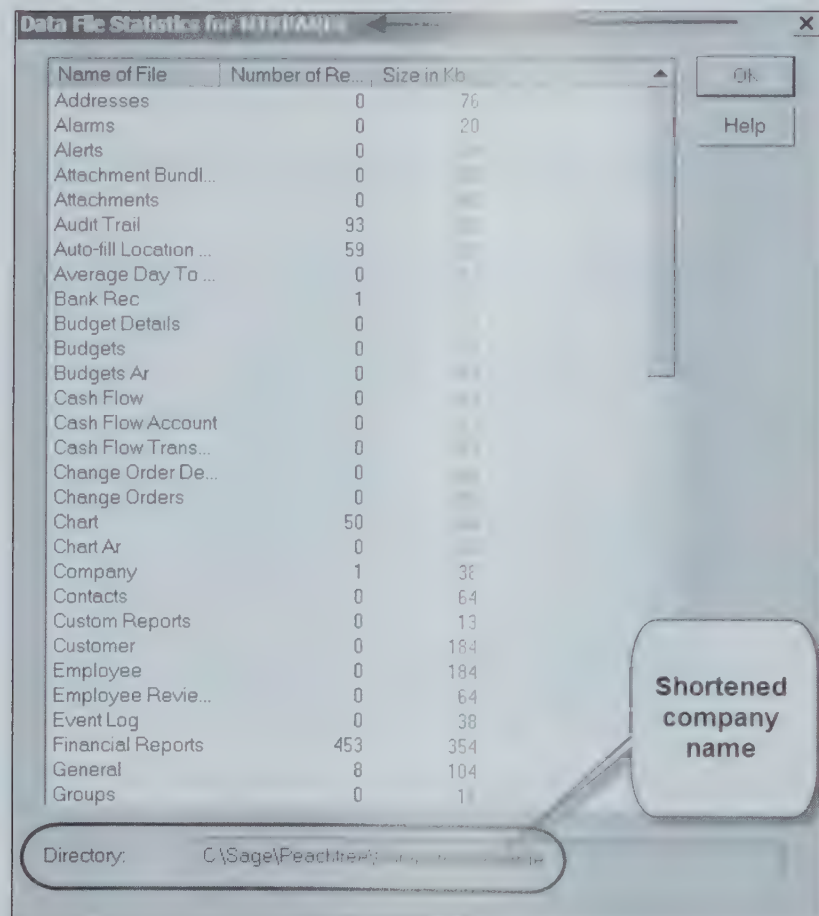
2. The Data File Statistics window lists the number of records and sizes in kilobytes for each data file for the company that is open. It also provides a grand total (scroll down).

Peachtree displays the company's shortened name (MIKPARDE) on the title bar.<sup>4</sup> This represents the name of the folder where the

<sup>4</sup>If you used your name, the company's shortened name will differ.

opened company resides. Observe that the Directory field shows where the company resides on your hard drive: C:\Sage\Peachtree\Company\mikparde [or, your shortened name]

In Chapter 9, pages 313-314, the mikparde Properties window also showed the shortened company name that Peachtree assigned. Compare your Data File Statistics for MIKPARDE window to the one shown below


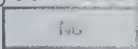
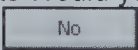



3. To close the Data File Statistics window, click .

## CHANGING ACCOUNTING PERIODS

Follow these steps to change accounting periods:

1. From the menu bar, select Tasks, then System
2. From the System menu, select Change Accounting Period.
  - a. In the Open Accounting Periods list, select period 12 - Dec 01, 2011 to Dec 31, 2011.

- b. Click . If necessary, at the Would you like to print your reports before continuing? window, click . If the window prompts Would you like to run an Internal Accounting Review?, click . Observe that your toolbar shows .

## TRANSACTION REGISTER AND BANK STATEMENT: DECEMBER 2011

1. Use Mr. Parry's transaction register to journalize and post transactions for the month of December. His transaction register is shown below.

### Comment

Before you start journalizing entries, make sure that you are starting with correct data. To do that, display the General Ledger Trial Balance and compare it to the one shown on page 375.

Transaction Register Mike Parry Designer					
Check Number	Date	Description of Transaction	Payment	Deposit	Balance
	11/30	Bank Service Charge			17,654.33
	12/3 <sup>5</sup>	ATM			17,254.33
	12/8	Deposit (Milwaukee CC)		716.19	19,970.52
4020	12/11	Water and Power Co.			19,895.07
4021	12/11	WPS Gas (utilities)			19,792.15
4022	12/12	Lake Bell			19,746.20
4023	12/15	Gallery (business cards - debit, Supplies)			19,630.95
4024	12/18	Long Distance Co.			19,555.46
4025	12/18	Internet Service Provider			19,525.47
	12/19	ATM			19,125.47
	12/29	ATM			18,725.47

2. Use Mr. Parry's bank statement to complete account reconciliation. (Remember to record the bank service charge on the Account Reconciliation window.)

Statement of Account		Mike Parry Designer	
Downtown Bank		13 River Road	
December 1 to December 31, 2011		Milwaukee, WI 53217	
Account No. 23185			
<b>REGULAR CHECKING</b>			
Previous Balance	11/30/11		
1 Deposit(+)			
7 Checks (-)			
3 Other Deduction (-)			
Service Charges (-)	12/31/11	10.00	
<b>Ending Balance</b>	12/31/11	<b>18,745.46</b>	
Continued			

<sup>5</sup> Start your journal transactions with the December 3 ATM transaction.



DEPOSITS				
	12/8/11	2,716.19		
CHECKS (Asterisk * indicates break in check number sequence)				
	12/8/11	4018	75.65	
	12/8/11	4019	76.99	
	12/22/11	4020	75.45	
	12/29/11	4021	102.92	
	12/29/11	4022	45.96	
	12/31/11	4023	115.25	
	12/31/11	4024	75.40	
OTHER DEDUCTIONS (ATM's)				
	12/3/11	400.00		
	12/19/11	400.00		
	12/29/11	400.00		

3. Display the Account Register (Reports & Forms; Account Reconciliation, Account Register; Display). Compare the Account Register below to the transaction register on page 382.

Mike Parry Designer Account Register For the Period From Dec 1, 2011 to Dec 31, 2011 1020 - Checking Account						
Filter Criteria includes: Report order is by Date						
Date	Trans No	Type	Trans Desc	Deposit Amt	Withdrawal Amt	Balance
12/3/11	ATM	Withdrawal	Beginning Balance			18,715.33
12/8/11	12/08/11	ATM	ATM		400.00	18,315.33
12/11/11	4020	Deposit	Deposit	2,716.19		21,031.52
12/11/11	4020	Withdrawal	Water and Power Co.		75.45	20,956.07
12/11/11	4021	Withdrawal	WPS Gas		102.92	20,853.15
12/12/11	4022	Withdrawal	Lake Bell		45.96	20,746.20
12/15/11	4023	Withdrawal	Gallery		115.25	20,630.95
12/18/11	4024	Withdrawal	Long Distance Co		75.40	20,555.55
12/18/11	4025	Withdrawal	Internet Service Provide		29.99	20,525.56
12/19/11	ATM	Withdrawal	ATM		400.00	19,125.56
12/29/11	ATM	Withdrawal	ATM		400.00	18,725.56
12/31/11	12/31/11	Other	Service Charge		10.00	18,715.47
Total				2,716.19	1,655.05	

4. Print or display the Account Reconciliation report.

<p style="text-align: right;"> <b>Mike Parry Designer</b>  <b>Account Reconciliation</b>  <b>As of Dec 31, 2011</b>  <b>1020 - Checking Account</b>  <b>Bank Statement Date: December 31, 2011</b> </p> <p>Filter Criteria includes: Report is printed in Detail Format</p>	
Beginning GL Balance	17,651.00
Add: Cash Receipts	711.19
Less: Cash Disbursements	(1,000.00)
Add (Less) Other	(111.00)
Ending GL Balance	17,251.19
Ending Bank Balance	17,251.19
Add back deposits in	
Total deposits in transit	
(Less) outstanding checks	
Dec 18, 20 4025	
Total outstanding checks	(29.99)
Add (Less) Other	
Total other	
Unreconciled difference	0.00
Ending GL Balance	18,715.47

## 5. Print or display the General Journal.

<p style="text-align: center;"> <b>Mike Parry Designer</b>  <b>General Journal</b>  <b>For the Period From Dec 1, 2011 to Dec 31, 2011</b> </p> <p>Filter Criteria includes: Report order is by Date. Report is printed with Accounts having Zero Amounts and with shortened descriptions and in Detail Format</p>					
Date	Account I	Reference	Trans Description	Debit Amt	Credit Amt
12/31/11	1020 6850	12/31/11	Service Charge Service Charge	10.00	10.00
		Total		10.00	10.00

## 6. Print or display the Cash Receipts Journal.

Mike Parry Designer Cash Receipts Journal For the Period From Dec 1, 2011 to Dec 31, 2011					
Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format					
Date	Account ID	Transaction R	Line Description	Debit Amnt	Credit Amnt
12/8/11	4000 1020	Milwaukee CC	Teaching Income Deposit	2,716.19	2,716.19
				2,716.19	2,716.19

7. Print or display the Cash Disbursements Journal. Compare your cash disbursements journal to the one shown below.

Mike Parry Designer Cash Disbursements Journal For the Period From Dec 1, 2011 to Dec 31, 2011					
Filter Criteria includes: Report order is by Date. Report is printed in Detail Format					
Date	Check #	Account ID	Line Description	Debit Amount	Credit Amount
12/3/11	ATM	3930 1020	Mike Parry, Draw ATM	400.00	
12/11/11	4020	6420 1020	Water and Power Expense Water and Power Co.	75.45	
12/11/11	4021	6400 1020	Utilities Expense WPS Gas	102.92	
12/12/11	4022	6500 1020	Telephone Expense Lake Bell	45.95	
12/15/11	4023	1450 1020	Supplies Gallery	115.25	
12/18/11	4024	6550 1020	Long Distance Co. Long Distance Co.	75.49	
12/18/11	4025	6560 1020	Internet Service Provider Internet Service Provider	29.99	
12/19/11	ATM	3930 1020	Mike Parry, Draw ATM	400.00	
12/29/11	ATM	3930 1020	Mike Parry, Draw ATM	400.00	400.00
Total				1,645.05	1,645.05

If your journals do not agree with the ones shown, edit and post again.


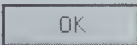
8. Display or print a General Ledger Trial Balance (Unadjusted).  
Compare your trial balance to the one shown below.

Mike Parry Designer General Ledger Trial Balance As of Dec. 31, 2011			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.			
Account	Account Description	Debit Amt	Credit Amt
1010	Money Market Account	14,700.00	
1020	Checking Account	18,715.47	
1040	IRA Savings Account	27,730.35	
1045	WI State Retirement	35,612.00	
1300	Prepaid Insurance	2,100.00	
1400	Prepaid Rent	600.00	
1450	Supplies	2,103.06	
1500	Computer Equipment	7,905.68	
1510	Furniture	5,000.00	
1520	Automobile	19,000.00	
2400	Publisher Advances		
3920	Mike Parry, Capital		
3930	Mike Parry, Draw	2,400.00	
4000	Teaching Income		
4050	Royalty Income		
6100	Dues and Subscriptions	45.00	
6150	Auto Registration	210.00	
6180	Automobile Expense	311.00	
6400	Utilities Expense	196.46	
6420	Water and Power Expense	264.54	
6500	Telephone Expense	126.03	
6550	Long Distance Co.	203.19	
6560	Internet Service Provider	89.97	
6850	Bank Service Charge	30.00	
7400	Postage Expense	41.00	
	<b>Total:</b>	<b>137,383.75</b>	

## BACKING UP THE UNADJUSTED TRIAL BALANCE

Follow these steps to back up Chapter 11 data:

1. From the Company Navigation Center, link to Back up. (Or, from the menu bar, select File, then Back up.)
2. If necessary, uncheck the box next to Include company name in the backup file name. Click .

3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 11 December UTB** in the File name field. (UTB is an abbreviation of unadjusted trail balance.)
4. Click .
5. When the window prompts that This company backup will require approximately 7.18MB, click . When the Backup Company scale is 100% complete, you have successfully backed up to the current point in Chapter 11.
6. Click File, Exit to exit Peachtree. Or, continue with the next section.

You print the financial statements after you journalize and post the end-of-quarter adjusting entries.

## END-OF-QUARTER ADJUSTING ENTRIES

It is the policy of your accounting firm to record adjusting entries at the end of the quarter. Mr. Parry's accounting records are complete through December 31, 2011. The adjusting entries are recorded in the General Journal.

Use these steps for entering the eight adjusting entries shown on pages 388-390.

1. From the Company Navigation Center, link to General Journal Entry. (Or, from the menu bar, click Tasks, then General Journal Entry.)
2. Type **31** in the Date field. Press **<Enter>** three times.
3. In the GL Account field, select the appropriate account to debit. Type the account name in the Description field. Press the **<Enter>** key once to go to the Debit field. Type the debit amount, then press the **<Enter>** key three times.
4. In the GL Account field, select the appropriate account to credit. Type the account name in the Description field. Press the **<Enter>**



key two times to go to the Credit field. Type the credit amount. Press the **<Enter>** key.



5. Click  to post each adjusting entry.

Journalize and post the following December 31, 2011 adjusting entries:

1. Office supplies on hand are \$1,700.00. (It is the policy of Mr. Parry's company to do an adjustment for supplies at the end of the quarter.)

Acct. #	Account Name	Debit	Credit
6450	Office Supplies Expense	403.06	
1450	Supplies		403.06

Computation:	Supplies	\$2,103.06
	Office supplies on hand	<u>- 1,700.00</u>
	Adjustment	<u>\$ 403.06</u>



*Hint: To post your transaction to the general ledger, click  after each general journal entry.*

2. Adjust three months of prepaid insurance (\$2,100 X 3/12 = \$525). Mr. Parry paid a one year insurance premium on 10/1/11.

Acct. #	Account Name	Debit	Credit
6950	Insurance Expense	525.00	
1300	Prepaid Insurance		525.00

3. Adjust three months of prepaid rent (\$200 X 3 = \$600.)

Acct. #	Account Name	Debit	Credit
6300	Rent or Lease Expense	600.00	
1400	Prepaid Rent		600.00

4. Use straight-line depreciation for Mr. Parry's computer equipment. His computer equipment has a three-year service life and a \$1,000 salvage value. To depreciate computer equipment for the fourth quarter, use this calculation:

$$\$7,905.68 - \$1,000 \div 3 \text{ years} \times 3/12 = \$575.47$$

Computer Equipment, 10/1/11	\$6,800.00
Hardware Upgrade, 10/4/11	<u>1,105.68</u>
Total computer equipment, 12/31/11	<u>\$7,905.68</u>

Acct. #	Account Name	Debit	Credit
7050	Deprec. Exp.- Comp Eqt	575.47	
1900	Accum. Depreciation - Comp Eqt		575.47

5. Use straight-line depreciation to depreciate Mr. Parry's furniture. His furniture has a 5-year service life and a \$500 salvage value. To depreciate furniture for the fourth quarter, use this calculation:

$$\$5,000 - \$500 \div 5 \times 3/12 = \$225.00$$

Acct. #	Account Name	Debit	Credit
7060	Deprec. Exp.- Furniture	225.00	
1910	Accum. Depreciation - Furniture		225.00

6. Mr. Parry purchased his automobile on October 1, 2011. Use the following adjusting entry. The computation is:

$$\$19,000 \times 20\% \times 3/12 = \$950.00$$

Acct. #	Account Name	Debit	Credit
7070	Deprec. Exp. - Automobile	950.00	
1920	Accum. Depreciation - Automobile		950.00

7. Mr. Parry received a \$11,000 advance from the publisher. This was recorded as **unearned revenue** on October 2, 2011. Unearned revenue is a liability account used to report advance collections from customers or clients. The amount of this adjusting entry is based on Mr. Parry's royalty statement.

Acct. #	Account Name	Debit	Credit
2400	Publisher Advances	3,500.00	
4050	Royalty Income		3,500.00

8. After journalizing and posting the end-of-quarter adjusting entries, print the General Journal for December 31, 2011. Follow these steps to print your December 31, 2011 General Journal:

- a. From the menu bar, click Reports & Forms; General Ledger. Highlight General Journal.

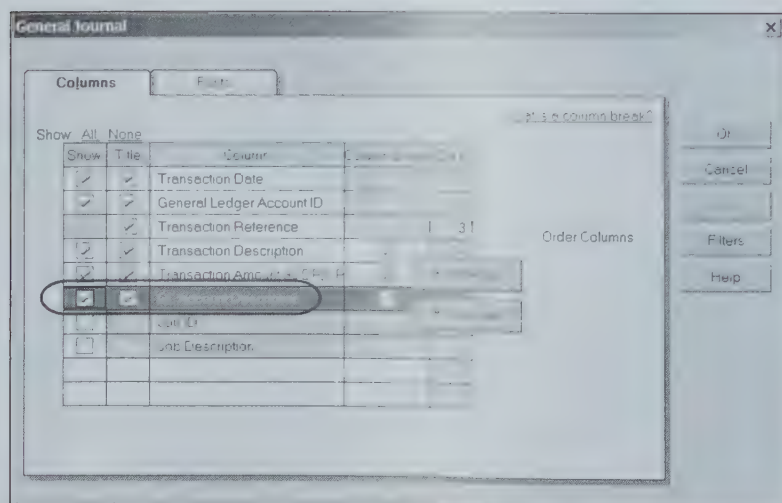


- b. Click . The General Journal report appears.

- c. To see the account ID for each account debited and credited,




- click . The General Journal Columns window appears. Select GL Account Description.



- d. Click . Adjust the report so it appears on one page. Observe that an Account Description column is added. If you used a description on the general journal entry window, you may want to show the account ID on the general journal report. The December 31 adjustments and bank charges, which post on 12/31/11, are shown below.

Mike Parry Designer General Journal						
For the Period From Dec 1, 2011 to Dec 31, 2011						
Filter Criteria includes: Report order is by Date. Report is printed with Accounts having Zero Amounts and with shortnames. <span style="float: right;">in Detail Format</span>						
Date	Account ID	Reference	Trans Description	Debit A	Credit Am	Account Description
12/31/11	6450		Office Supplies Expense	403.06		Office Supplies Expense
	1450		Supplies		403.06	Supplies
	6950		Insurance Expense	525.00		Insurance Expense
	1300		Prepaid Insurance		525.00	Prepaid Insurance
	6300		Rent or Lease Expense	600.00		Rent or Lease Expense
	1400		Prepaid Rent		600.00	Prepaid Rent
	7050		Deprec. Exp. - Computer Eq	575.47		Deprec. Exp. - Computer Eq
	1900		Accum. Depreciation - Comp		575.47	Accum. Depreciation - Comp
	7060		Deprec. Exp. - Furniture	225.00		Deprec. Exp. - Furniture
	1910		Accum. Depreciation - Furnit		225.00	Accum. Depreciation - Furnit
	7070		Deprec. Exp. - Automobile	950.00		Deprec. Exp. - Automobile
	1920		Accum. Depreciation - Auto		950.00	Accum. Depreciation - Auto
	2400		Publisher Advances	3,500.00		Publisher Advances
	4050		Royalty Income		3,500.00	Royalty Income
12/31/11	1020	12/31/11	Service Charge		10.00	Checking Account
	6850		Service Charge	10.00		Bank Service Charge
		Total		6,788.53	6,788.53	

If any of your general journal entries are incorrect, click  to drill down to the General Journal Entry window. Make the appropriate corrections, and then post your revised general journal entry. Display or print the general journal report.

9. Print the General Ledger Trial Balance (adjusted). Compare your adjusted trial balance to the one shown below.

**Mike Parry Designer**  
**General Ledger Trial Balance**  
**As of Dec 31, 2011**

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format

Account I	Account Description	Debit Amt	Credit Amt
1010	Money Market Account	14,700.00	
1020	Checking Account	18,715.47	
1040	IRA Savings Account	27,730.35	
1045	WI State Retirement	35,612.00	
1300	Prepaid Insurance	1,575.00	
1450	Supplies	1,700.00	
1500	Computer Equipment	7,905.68	
1510	Furniture	5,000.00	
1520	Automobile	19,000.00	
1900	Accum. Depreciation - Comp		575.47
1910	Accum. Depreciation - Furnit		225.00
1920	Accum. Depreciation - Auto		950.00
2400	Publisher Advances		7,500.00
3920	Mike Parry, Capital		111,814.28
3930	Mike Parry, Draw	2,400.00	
4000	Teaching Income		8,148.57
4050	Royalty Income		9,920.90
6100	Dues and Subscriptions	45.00	
6150	Auto Registration	210.00	
6180	Automobile Expense	311.00	
6300	Rent or Lease Expense	600.00	
6400	Utilities Expense	196.46	
6420	Water and Power Expense	264.54	
6450	Office Supplies Expense	403.06	
6500	Telephone Expense	126.03	
6550	Long Distance Co.	203.19	
6560	Internet Service Provider	89.97	
6850	Bank Service Charge	30.00	
6950	Insurance Expense	525.00	
7050	Deprec. Exp. - Comp Eqt	575.47	
7060	Deprec. Exp. - Furniture	225.00	
7070	Deprec. Exp. - Automobile	950.00	
7400	Postage Expense	41.00	
<b>Total:</b>		<b>139,134.22</b>	<b>139,134.22</b>

10. Print the Balance Sheet.



Mike Parry Designer Balance Sheet December 31, 2011		
ASSETS		
Current Assets		
Money Market Account	\$	14,700.00
Checking Account		18,715.47
IRA Savings Account		27,730.35
WI State Retirement		35,612.00
Prepaid Insurance		1,575.00
Supplies		1,700.00
Total Current Assets		100,032.82
Property and Equipment		
Computer Equipment		7,905.68
Furniture		5,000.00
Automobile		19,000.00
Accum. Depreciation - Comp Eqt		(575.47)
Accum. Depreciation - Furnitur		(225.00)
Accum. Depreciation - Automobi		(950.00)
Total Property and Equipment		30,155.21
Other Assets		
Total Other Assets		0.00
Total Assets	\$	130,188.03
LIABILITIES AND CAPITAL		
Current Liabilities		
Publisher Advances	\$	7,500.00
Total Current Liabilities		7,500.00
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		7,500.00
Capital		
Mike Parry, Capital		111,814.28
Mike Parry, Draw		(2,400.00)
Net Income		13,273.75
Total Capital		122,688.03
Total Liabilities & Capital	\$	130,188.03
Unaudited - For Management Purposes Only		

## 11. Print the Income Statement.

Mike Parry Designer Income Statement For the Twelve Months Ending December 31				
	Current Month		Year to Date	
Revenues				
Teaching Income	\$ 2,716 19	43 70	\$ 8,148 57	45 10
Royalty Income	3,500 00	56 30	9,920 90	54 90
Total Revenues	6,216 19	100 00	18,069 47	100 00
Cost of Sales				
Total Cost of Sales	0 00	0 00	0 00	0 00
Gross Profit	6,216 19	100 00	18,069 47	100 00
Expenses				
Dues and Subscriptions	0 00	0 00	45 00	0 25
Auto Registration	0 00	0 00	210 00	1 16
Automobile Expense	0 00	0 00	311 00	1 72
Rent or Lease Expense	600 00	9 66	600 00	3 32
Utilities Expense	102 92	1 66	196 46	1 09
Water and Power Expense	75 45	1 21	264 54	1 46
Office Supplies Expense	403 06	6 48	403 06	2 23
Telephone Expense	45 95	0 74	126 03	0 70
Long Distance Co.	75 49	1 21	203 19	1 12
Internet Service Provider	29 99	0 49	89 97	0 50
Bank Service Charge	10 00	0 16	30 00	0 17
Insurance Expense	525 00	8 45	525 00	2 91
Deprec. Exp. - Comp Eqt	575 47	9 76	575 47	3 18
Deprec. Exp. - Furniture	225 00	3 62	225 00	1 25
Deprec. Exp. - Automobile	950 00	15 28	950 00	5 26
Postage Expense	0 00	0 00	41 00	0 23
Total Expenses	3,618 33	58 21	4,795 72	26 54
Net Income	\$ 2,597 86	41 79	\$ 13,273 75	73 46
For Management Purposes				

**Comment**

If your income statement or the other financial statements shown on pages 395-397 *do not agree* with the textbook illustrations, edit the journals, post, then reprint reports. If the Year to Date column *does not agree* with what is shown on the Income Statement (above), Statement of Cash Flow (page 396) and the Statement of Changes in Financial Position (page 397), refer to Entering Chart of Accounts Beginning Balances in Chapter 9 on pages 140-141. Correct year-to-date balances depend on setting the beginning balances correctly for 9/1/11 through 9/30/11 (see the Select Period window on page 307, below step 3).

12. Follow these steps to print the Statement of Retained Earnings.

- In the Financial Statement list, click <Standard> Retained Earnings to highlight it.

b. Click



c. Uncheck Show Zero Amounts. Make the selections to print. Compare your Statement of Retained Earnings to the one shown below.

Mike Parry Designer Statement of Retained Earnings For the Twelve Months Ending December 31, 2011		
Beginning Retained Earnings	\$	0.00
Adjustments To Date		0.00
Net Income		13,273.75
Subtotal		13,273.75
Mike Parry, Draw		(2,400.00)
Ending Retained Earnings	\$	10,873.75
For Management Purposes Only		

The Statement of Retained Earnings shows the net income at the end of the Quarter, \$13,273.75, minus Mr. Parry's drawing, \$2,400. When you close the fiscal year, the Ending Retained Earnings amount, \$10,873.75, will be shown on the postclosing trial balance, page 405.

13. Print the Statement of Cash Flow. Compare it to the one shown on the next page.

Mike Parry Designer Statement of Cash Flow For the twelve Months Ended December 31, 2011			
	Current Month		Year to Date
Cash Flows from operating activities			
Net Income	\$	2,597.86	\$ 13,273.75
Adjustments to reconcile net income to net cash provided by operating activities			
Accum. Depreciation - Comp Eq't			575.47
Accum. Depreciation - Furniture			225.00
Accum. Depreciation - Automobile			950.00
Prepaid Insurance			(1,575.00)
Prepaid Rent			0.00
Supplies			(1,700.00)
Publisher Advances			7,500.00
Total Adjustments			5,975.47
Net Cash provided by Operations			19,249.22
Cash Flows from investing activities			
Used For			
Computer Equipment			(7,905.68)
Furniture			(5,000.00)
Automobile			(19,000.00)
Net cash used in investing			(31,905.68)
Cash Flows from financing activities			
Proceeds From			
Mike Parry, Capital			111,814.28
Used For			
Mike Parry, Draw			(2,400.00)
Net cash used in financing			109,414.28
Net increase - decrease - in cash	\$	61.14	\$ 96,757.82
Summary			
Cash Balance at End of Period	\$	96,757.82	\$ 96,757.82
Cash Balance at Beg of Period		(95,696.68)	0.00
Net Increase - Decrease - in Cash	\$	1,061.14	\$ 96,757.82
Unaudited - For Internal Use Only			

14. Print the Statement of Changes in Financial Position (<Standard> Stmt Changes). This is a Peachtree report that describes changes in a company's financial position that may not be obvious from the balance sheet, income statement, or other financial statements.

Peachtree's financial statements are meant for management purposes. Financial statements can also be customized to reflect the specific needs of the company.

Mike Parry Designer Statement of Changes in Financial Position For the twelve months ended December 31			
	Current Month		End of Date
Sources of Working Capital			
Net Income	\$ 2,597.86	\$	12/31/11
Add back items not requiring working capital			
Accum. Depreciation - Comp Eqt	575.47		12/31/11
Accum. Depreciation - Furniture	225.00		12/31/11
Accum. Depreciation - Automobi	950.00		12/31/11
Working capital from operations	4,348.33		12/31/11
Other sources			
Mike Parry, Capital	0.00		12/31/11
Total sources	4,348.33		12/31/11
Uses of working capital			
Computer Equipment	0.00		12/31/11
Furniture	0.00		12/31/11
Automobile	0.00		12/31/11
Total uses	0.00		12/31/11
Net change	\$ 4,348.33	\$	12/31/11
Analysis of components of changes			
Increase/Decrease in Current Assets			
Money Market Account	\$ 0.00	\$	12/31/11
Checking Account	1,061.14		12/31/11
IRA Savings Account	0.00		12/31/11
WI State Retirement	0.00		12/31/11
Prepaid Insurance	(525.00)		12/31/11
Prepaid Rent	(600.00)		12/31/11
Supplies	(287.81)		12/31/11
Increase/Decrease in Current Liabilities			
Publisher Advances	3,500.00		12/31/11
Net change	\$ 3,148.33	\$	12/31/11
For Management Purposes Only			



### Read Me: Statement of Changes in Financial Position


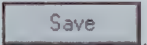
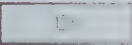
Peachtree includes the Statement of Changes in Financial Position even though the Financial Accounting Standards Board's FAS 95 summary requires that "a statement of cash flows is required as part of a full set of financial statements in place of a statement of changes in financial position."



---

## BACKING UP DECEMBER DATA

Follow these steps to back up Mike Parry's December data:

1. From the Company Navigation Center, click **Back up**. (Or, from the menu bar, select File, then Back up.)
2. If necessary, uncheck the box next to **Include company name** in the backup file name. Click .
3. Accept the default for backing up to the **hard drive** or make the selections to back up to another location. Type **Chapter 11 December** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 7.18MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 11.
6. Click File, Exit to exit Peachtree. Or, continue with the next section.

## EXPORT FINANCIAL STATEMENTS TO EXCEL

Follow these steps to export the Balance Sheet, Income Statement, Statement of Cash Flow, and Statement of Retained Earnings to Excel. For detailed steps exporting multiple reports to Excel, refer to pages 352-354.

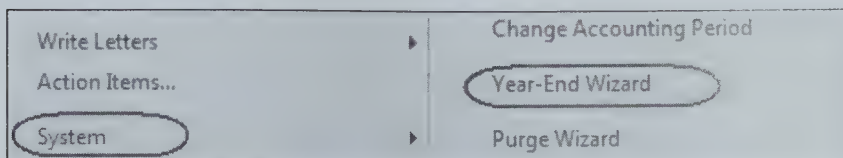
1. Start Peachtree. Display the Balance Sheet.
2. Export the Balance Sheet to Excel. Create a new Microsoft Excel workbook.
3. Save. Use **Chapter 11\_Financial Statements.xlsx** as the file name.
4. Display the Income Statement. (*Hint: Select Options to uncheck Show Zero Amounts.*)

5. Export to Excel. Add a new worksheet to an existing Microsoft Excel workbook. (*Hint: Add the sheet to the file saved in step 3—Chapter 11\_Financial Statements.xlsx*).
6. Display the Statement of Cash Flow. Export to Excel. Add this sheet to the saved file.
7. Display the Statement of Retained Earnings. Export to Excel. Add this sheet to the saved file.
8. Your Excel file should have four sheets: Balance Sheet, Income Stmt, Cash Flow, and Retained Earnings.
9. Save the file. Exit Excel.
10. Close all Peachtree windows.

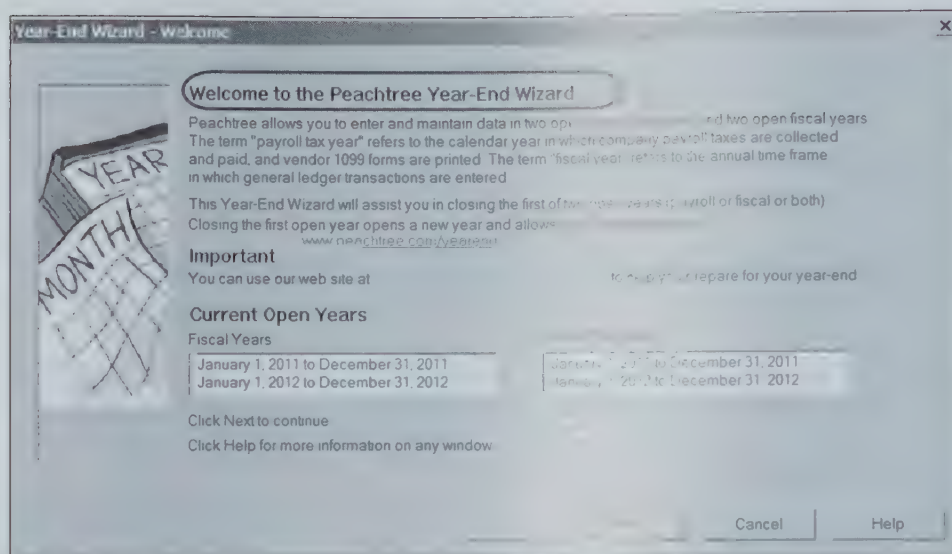
## CLOSING THE FISCAL YEAR

At the end of the year, PCA automatically completes the closing procedure. Follow these steps to close Mike Parry's fiscal year.

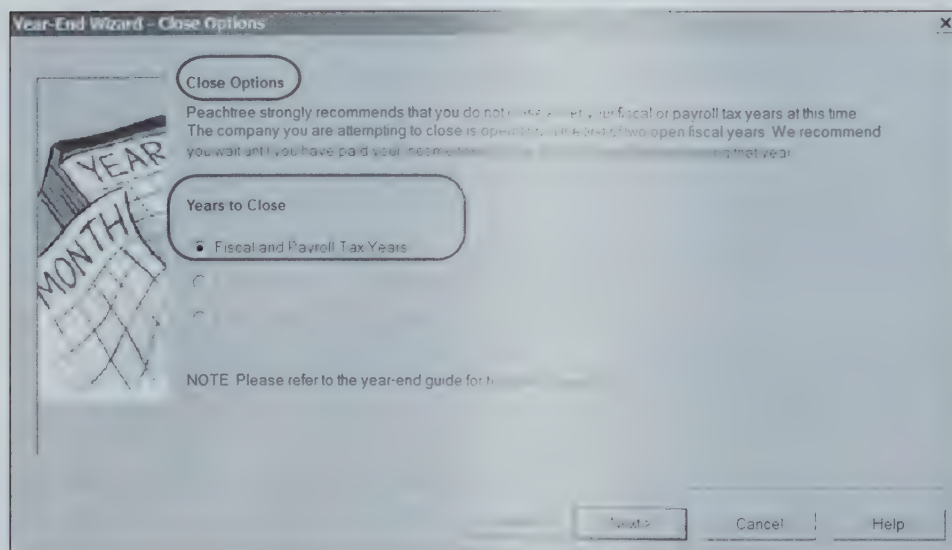
1. If necessary, start Peachtree, then open Mike Parry Designer. From the menu bar, select Tasks, System, Year-End Wizard.



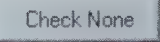
2. The Year-End Wizard - Welcome window appears. Read the information on the Welcome to the Peachtree Year-End Wizard window.

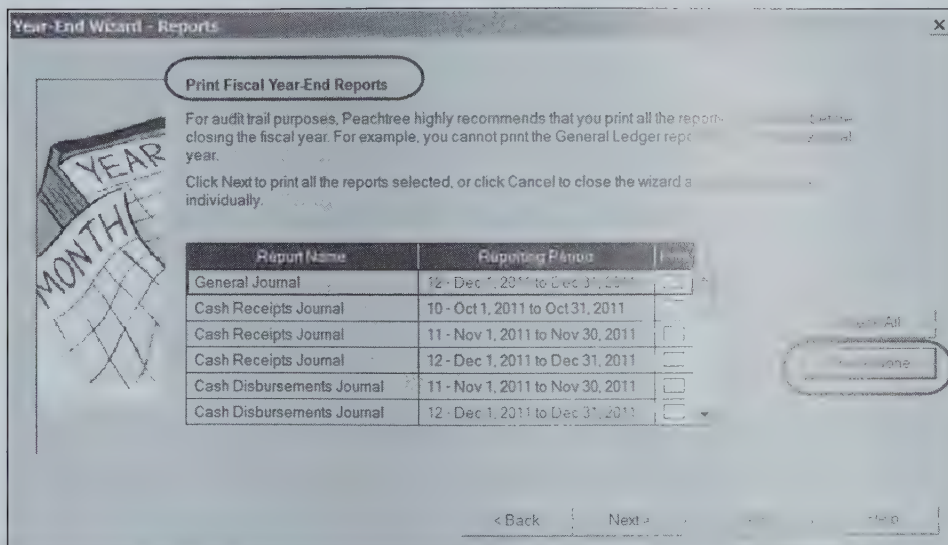


3. Click **Next >**. The Close Options dialog box appears. In the Years to Close list, Fiscal and Payroll Tax Years is the default. Read the information on this window.


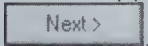




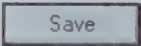
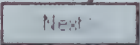
4. Click **Next >**.

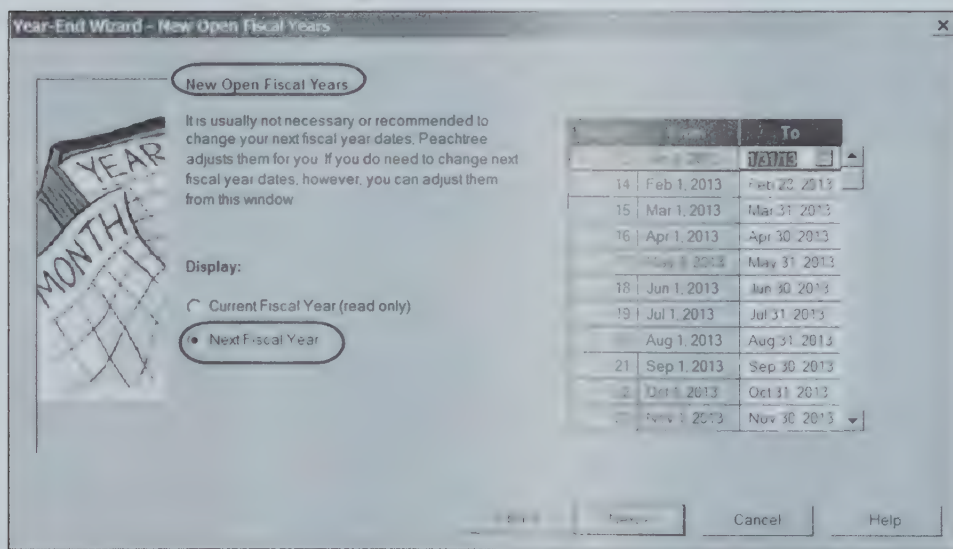
5. The Print Fiscal Year-End Reports window appears. Read the information on this window. Since you have already printed reports, click  to uncheck all.

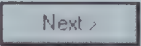


*Hint: If you do not uncheck the boxes, the general ledger prints.*

6. Click .
7. The Internal Accounting Review window appears. Read the information on this window. Click .
8. The Back Up Company Data window appears. You already made a back up on page 398 but you may want to make another one. Read the information on this window. Click . The Back Up Company window appears.

9. Observe that the box next to Include company name in the backup file name is checked. Click .
10. The Save Backup for Mike Parry Designer, Inc. window appears. Observe that the File name field includes the name of the company and today's date.
11. Click . Make the selections to bring it up.
12. After the backup is made, you are returned to the Back Up Company Data window. Click .
13. The New Open Fiscal Years window appears. Read the information on this window.



14. Accept the default for Next Fiscal Year by clicking on .
15. The Important - Confirm Year-End Close window appears. Read the information on this window.



**Year-End Wizard - Confirm Close**

**Important - Confirm Year-End Close**

At this point all of your year-end transaction adjustments should be completed and should be printed. Transactions posted to the general ledger in a closed year cannot be changed. In addition, making adjusting entries to a closed payroll tax year is difficult.

The following fiscal year will close: January 1, 2011 to December 31, 2011

The following payroll tax year(s) will close: January 1, 2011 to December 31, 2011

After closing your open years will be:

Fiscal Years: January 1, 2012 to December 31, 2012  
January 1, 2013 to December 31, 2013

Payroll Tax Years: January 1, 2012 to December 31, 2012  
January 1, 2013 to December 31, 2013

< Back   Next >   Help

16. Click **Next >**

17. The Begin Close-Year Process window appears. Read the information on this window.

**Year-End Wizard - Begin Close**

**Begin Close-Year Process**

To begin the close-year process, click the Begin Close button below

Peachtree will attempt to close the year(s) you have selected. Once the process is complete, Peachtree will display a success window.

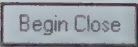
**Important!**

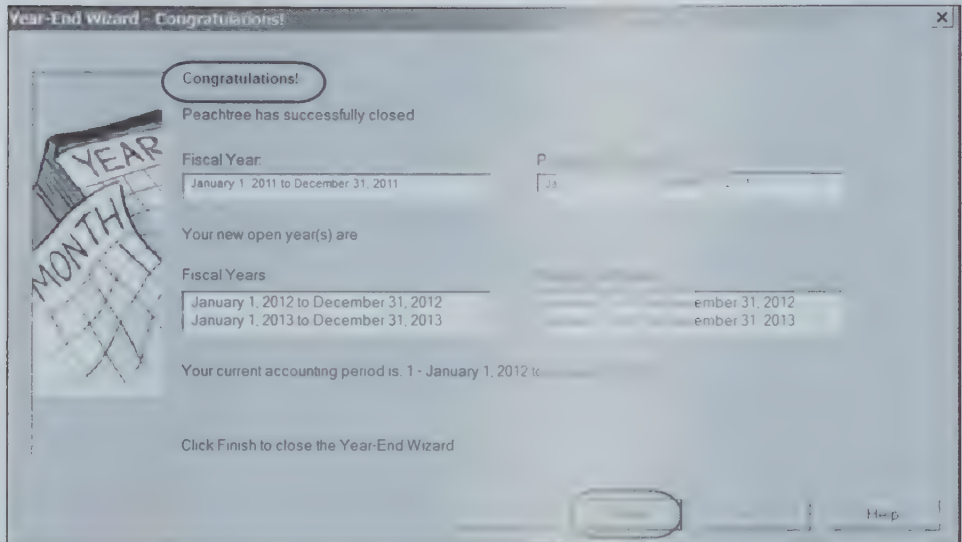
You cannot cancel the Year-End Wizard after this point! Do not shut off your computer during the close process. Depending on the size of your company data and your computer memory, the close process may take considerable time.

☒ Run Data Verification (Recommended).

NOTE: Peachtree recommends that you begin this process at the end of your workday—leaving your computer on overnight. Also, you should close all other applications before beginning the close process.

< Back   **Begin Close**   Cancel   Help

18. Click .
19. After a few moments the scale shows 100%. The Congratulations! window appears. Read the information on this window.



20. Click .

## PRINTING THE POSTCLOSING TRIAL BALANCE

After the fiscal year is closed, a postclosing trial balance is printed. Only permanent accounts appear on the postclosing trial balance. All temporary accounts (revenues and expenses) have been closed. This completes the computer accounting cycle.

Follow these steps to print Mike Parry's postclosing trial balance:


1. From the menu bar, select Reports & Forms, General Ledger, General Ledger Trial Balance.
2. Make the selections to print the postclosing trial balance. Compare your general ledger trial balance (postclosing) to the one shown on the next page.

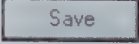

Mike Parry Designer General Ledger Trial Balance As of Jan 31, 2012			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.			
Account I	Account Description	Debit Am	Credit Amt
1010	Money Market Account	14,700.00	
1020	Checking Account	18,715.47	
1040	IRA Savings Account	27,730.35	
1045	WI State Retirement	35,612.00	
1300	Prepaid Insurance	1,575.00	
1450	Supplies	1,700.00	
1500	Computer Equipment	7,905.68	
1510	Furniture	5,000.00	
1520	Automobile	19,000.00	
1900	Accum. Depreciation - Comp Eq		575.47
1910	Accum. Depreciation - Furnitur		225.00
1920	Accum. Depreciation - Automobi		950.00
2400	Publisher Advances		7,500.00
3910	Retained Earnings		10,873.75
3920	Mike Parry, Capital		111,814.28
<b>Total:</b>		<b>131,938.5</b>	<b>131,938.50</b>

Observe that the postclosing trial balance is dated January 31, 2012. The balance in retained earnings (Account No. 3910) is Mr. Parry's year-to-date net income minus the total of his drawing accounts ( $13,273.75 - 2,400 = 10,873.75$ ). The Retained Earnings balance was also shown on page 395, Statement of Retained Earnings.

## BACKING UP YEAR-END DATA

Follow these steps to back up Mike Parry's year-end data:

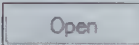

1. From the Company Navigation Center, link to Back up. (Or, from the menu bar, select File, then Back up.)
2. If necessary, uncheck the box next to Include company name in the backup file name. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 11 EOY** in the File name field.

4. Click .
5. When the window prompts that This company backup will require approximately 7.21MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 11.

### EXPORT POSTCLOSING TRIAL BALANCE TO EXCEL

Follow these steps to export the postclosing trial balance to Excel.

1. Display the General Ledger Trial Balance.
2. Export to Excel. Create a new Microsoft Excel workbook. Change General Ledger Trial Balance to Postclosing Trial Balance. Change the date to December 31, 2011.
3. Save. Use **Chapter 11\_Postclosing Trial Balance.xlsx** as the file name. On the Excel file, change title to Postclosing Trial Balance and date to December 31, 2011.
4. Close all Peachtree windows.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 11. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities: then link to Part 2 Internet Activities for Chapter 9-11. Select  or  .
4.	If necessary, scroll down the window to UNDERSTANDING ACCOUNTING TERMS CONTINUED - Chapter 11. Read steps 1 – 3.
5.	Follow the steps shown on the book's website to complete this Internet activity.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, pages 407-408.
2. True/make true questions, pages 408-410.
3. Exercises 11-1 and 11-2, pages 410-416.
4. Assessment rubric, pages 416-417.
5. Analysis questions, page 417.
6. Chapter 11 index, page 418.

## GOING TO THE NET

Access the asset depreciation schedule at <http://office.microsoft.com/en-us/templates/asset-depreciation-schedule-TC001046099.aspx>. (*Hint: Excel 2000 or later is required.*) Click

A rectangular button with a light gray border and the word "Download" in a sans-serif font.

. Save the asset depreciation schedule. (*Hint: If using Excel 2007, accept the default extension, .xlsx. Or, save the file as an .xls extension.*) An Asset Depreciation worksheet appears. (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 11.)

Complete the following fields. Press <Enter> to move between fields.

Date:	1/1/2006
Initial cost:	7000
Salvage value:	0
Useful life (years)	7

1. Click on Asset Depreciation. Type **Furniture** to replace it.
2. From Excel's menu bar, make the selections to Print.
3. Save. The suggested file name is **Asset depreciation.xlsx**. If a window appears that says one or more of the following features are



not supported, click . (Hint: This file is an Excel 2003 file with an .xls extension.)

4. What depreciation methods are shown?

**True/Make True:** Write the word True in the space provided if the statement is true. If the statement is not true, write the correct answer.

1. You can complete the activities in Chapter 11 without completing Chapters 9 and 10.

---

---

2. Step 4 of PCA's Computer Accounting Cycle is reconciling the bank statement.

---

---

3. To change an accounting period, use the Maintain menu.

---

---

4. Mike Parry's transaction register and bank statement are used as source documents for recording journal entries.

---

---

5. The account reconciliation feature can reconcile the cash account only.

---

---

---

6. The accounting periods used in Chapter 11 are November 1 - 30 and December 1 - 31, 2011.

---

---

7. PCA includes an editing feature so that records can be corrected.

---

---

8. To close the fiscal year, use the System menu selection, Year-End Wizard.

---



---

9. When the fiscal year is closed, an adjusted trial balance is displayed or printed.

---



---

10. The statement of retained earnings for the closing trial balance show the same balance for retained earnings.

---



---

**Exercise 11-1:** Follow the instructions below to complete Exercise 11-1. You must complete Exercises 9-1, 9-2, 10-1, and 10-2 *before* you can do Exercise 11-1.

1. Start Peachtree. Open the company that you started in Exercise 9-1. The company name is Art by Your Name.
2. Restore your data from Exercise 10-2. This back up was made on

---

<sup>6</sup>You can restore from your back up file even if no Peachtree company exists. From Peachtree's start up window, select File; Restore. Select the location of your backup file. On the Restore Wizard's Select Company window, select A New Company. The A New Company selection allows you to restore your backup data, bypassing the process of new company set up. For more information, refer to Troubleshooting on pages 302-303.

---

page 361. (Hint: To make sure you are starting in the right place, display the general ledger trial balance and compare it to the one printed for Exercise 10-2, step 9, page 361. Compare the Fidelity Bank account balance on the general ledger trial balance with the 10/31/11 balance on the transaction register below.)

3. Change accounting period to November 1 through November 30, 2011.
4. Use the transaction register below to record and post checks, ATMs, and deposits. (Hint: Use Write Checks for checks and ATMs; use Receipts for deposits.)

Transaction Register					
Check Number	Date	Description of Transaction	Payment	Deposit	Balance
	10/31/11	Bank Service Charge	12.00		15,823.30
	11/2/11	ATM	100.00		15,723.30
	11/3/11	Deposit (Art Income)		2,200.00	17,923.30
1009	11/3/11	Victor's Maintenance and Repairs	75.00		17,848.30
	11/8/11	Deposit (Teaching income)		2,105.00	19,953.30
1010	11/9/11	Utilities Co.	55.75		19,897.55
1011	11/10/11	Melody Advertising, Inc.	175.00		19,722.55
1012	11/13/11	U.S. Post Office	41.00		19,681.55
1013	11/15/11	Bell Telephone	41.97		19,639.58
1014	11/16/11	DSL Service	29.95		19,609.63
	11/20/11	ATM	100.00		19,509.63
1015	11/28/11	Prospect Office Supplies <sup>7</sup>	47.80		19,461.83
	11/29/11	ATM	200.00		19,261.83

5. Use the Bank Statement on the next page to complete Account Reconciliation. (Hint: Remember to record the bank service charge on the Account Reconciliation window.)

<sup>7</sup>Debit Account No. 1450, Supplies.

## 412 Chapter 11

Statement of Account Fidelity Bank November 1 to November 30, 2011		Account No. 591823-19		Your Name Your Address Your city, state, Zip	
REGULAR CHECKING					
Previous Balance	10/31/11	10.00			
2 Deposits(+)		4,200.00			
6 Checks (-)		300.00			
3 Other Deductions (-)		400.00			
Service Charges (-)	11/30/11	1.00			
<b>Ending Balance</b>	11/30/11	19,499.00			
DEPOSITS					
	11/6/11	1,200.00			
	11/8/11	3,000.00			
CHECKS (Asterisk * indicates break in check number sequence)					
	11/10/11	1000	55.15		
	11/10/11	1008	137.80		
	11/24/11		75.00		
	11/24/11		55.75		
	11/27/11		175.00		
	11/30/11		41.00		
OTHER DEDUCTIONS (Asterisks)					
	11/2/11				
	11/20/11	100.00			
	11/29/11	200.00			


6. Print an Account Reconciliation report.
7. Print the Account Register.
8. Print the General Journal.
9. Print the Cash Receipts Journal.
10. Print the Cash Disbursements Journal.
11. Print the General Ledger Trial Balance.



12. Print a Balance Sheet and Income Statement.

13. Backup your data. The suggested file name is **Exercise 11-1.ptb**.

**Exercise 11-2:** Follow the instructions below to complete Exercise 11-2. Exercises 9-1, 9-2, 10-1, 10-2 and 11-1 *must* be completed before starting Exercise 11-2.

1. Start PCA. Open the company that you set up in Exercise 9-1 (Art by Your Name).
2. If necessary, restore Exercise 11-1.<sup>8</sup> To make sure you are starting in the correct place, display the General Ledger Trial Balance (refer to step 11, above).
3. Change accounting periods to December 1 through December 31, 2011.
4. Use the transaction register below to record and post checks, ATMs, and deposits. (*Hint:* On the Business Status Navigation Center, the balance, \$19,249.83, should match Account No. 1020 for Fidelity Bank. In the Account Balances area, the balance shows \$19,249.83; the same balance as the Transaction Register below. You may need to click  Refresh.)

Transaction Register					
Check Number	Date	Description of Transaction	Payment	Deposit	Balance
	11/30/11	Bank Service Charge	12.00		19,249.83
	12/2/11	ATM	100.00		19,149.83
	12/3/11	Deposit (Art Income)		2,850.00	21,999.83
1016	12/3/11	Melody Advertising, Inc.	100.00		21,899.83
	12/7/11	Deposit (Teaching income)		2,105.00	24,004.83
Continued					

<sup>8</sup>You can restore from your backup file even if *no* Peachtree company exists. From Peachtree's start up window, select File; Restore. Select the location of your backup file. On the Restore Wizard's Select Company window, select A New Company. The A New Company selection allows you to restore your backup data, bypassing the process of new company set up. For more information, refer to Troubleshooting on pages 302-303.

1017	12/8/11	Victor's Maintenance and Repairs	78.00		23,929.83
1018	12/9/11	Utilities Co.	45.75		23,834.08
1019	12/13/11	U.S. Post Office	41.00		23,793.08
1020	12/15/11	Bell Telephone	47.85		23,748.03
1021	12/16/11	DSL Service	29.95		23,718.08
	12/20/11	ATM	100.00		23,618.08
1022	12/28/11	Prospect Office Supplies <sup>9</sup>	30.00		23,480.28
	12/30/11	ATM	200.00		23,280.28

5. Use the Bank Statement below and on the next page to complete Account Reconciliation. *Record the bank service charge on the Account Reconciliation window.*

Statement of Account Fidelity Bank December 1 to December 31, 2011			Account No. 591823-19		Your Name Your Address Your City, State, Zip
REGULAR CHE					
Previous Balance	11/30/11	19,369.55			
2 Deposits(+)		100.00			
6 Checks (-)		390.47			
3 Other Deductions (-)		400.00			
Service Charges (-)	12/31/11	12.00			
Ending Balance	12/31/11	23,522.08			
DEPOSITS					
	12/6/11	2,850.00			
	12/8/11	2,105.00			
CHECKS (Asterisk * indicates break in check number sequence)					
	12/10/11	1013	41.97		
	12/10/11	1014	29.95		
	12/24/11	1015	47.80		
	12/24/11	1016	100.00		continued

<sup>9</sup>Debit Account No. 1450, Supplies.

	12/27/11	1017	75.00	
	12/30/11	1018	95.75	
OTHER DEDUCTIONS (ATM's)				
	12/2/11	100.00		
	12/20/11	100.00		
	12/310/11	200.00		

6. Print an Account Reconciliation report.
7. Print the Account Register.
8. Print the General Journal.
9. Print the Cash Receipts Journal.
10. Print the Cash Disbursements Journal.
11. Print the General Ledger Trial Balance (unadjusted).
12. Back up your data. The suggested file name is **Exercise 11-2 Unadjusted Trial Balance.ptb**.
13. Complete the following end-of-quarter adjusting entries
  - a. Supplies on hand: \$850.00.
  - b. Depreciation for Computer Equipment: \$458.33.
  - c. Depreciation for Furniture: \$150.00.
  - d. Depreciation for the Automobile: \$950.00.
  - e. Adjust three months prepaid rent: \$700.00.
  - f. Adjust three months prepaid insurance: \$250.00.
14. Print the December 31, 2011 general journal.
15. Print the General Ledger Trial Balance (adjusted).
16. Print the financial statements: Balance Sheet, Income Statement, Statement of Cash Flow, Statement of Retained Earnings, and Statement of Changes in Financial Position.

### Check Your Figures:

Account No. 1020, Fidelity Bank, \$23,268.28

Account No. 3910, Ending Retained Earnings, \$5,309.95  
Account No. 3920, Student Name, Capital, \$44,000.00

17. Back up your data. The suggested filename is **Exercise 11-2 Financial Statements.ptb**.
18. Export the Balance Sheet, Income Statement, Statement of Cash Flow, Statement of Retained Earnings and Statement of Changes in Financial Position to Excel. Use **Exercise 11-2\_Financial Statements.xlsx** as the file name.
19. Close the fiscal year.
20. Print the General Ledger Trial Balance (Postclosing).
21. Back up your data. The suggested filename is **Exercise 11-2 End of Year.ptb**.
22. Export the Posting Closing Trial Balance to Excel. Create a new Microsoft Excel workbook. Change General Ledger Trial Balance to Postclosing Trial Balance. Change the date to December 31, 2011.
23. Save. Use **Exercise 11-2\_Postclosing Trial Balance.xlsx** as the file name. On the Excel file, change title and date.
24. Exit Peachtree.

### ASSESSMENT RUBRIC

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 11 Assessment Rubric link. To review Peachtree's navigation centers, menu selections, and windows, complete the blank fields online.

Task	Date	Navigation Bar or Menu bar	Task Window	Ending GL Balance
December bank reconciliation  Mike Parry Designer				

### ANALYSIS QUESTIONS

1. When using Peachtree why is it important to change accounting periods? (*Hint: Do a search on Peachtree's Help window for Change Accounting Period.*)
2. Does the balance in retained earnings differ on the adjusted trial balance and the postclosing trial balance?
3. How does the postclosing trial balance differ from the adjusted trial balance?



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## Project

# 1


## Sharon Albert, Accounting

In Project 1, you complete the computer accounting cycle for Sharon Albert, Accounting. Ms. Albert started her accounting practice on December 1, 2011 in Phoenix, Arizona. Ms. Albert employs two accounting technicians and one administrative assistant. Ms. Albert's employees are independent contractors. Further study of payroll accounting will be done in Chapter 14.

In this project, you will complete the accounting cycle for the month of December 2011. Sharon Albert's balance sheet, transaction register, and bank statement are provided as source documents.

At the end of this project, a checklist is shown listing the printed reports you should have. The step-by-step instructions remind you to print reports at certain intervals. Your instructor may require these printouts for grading purposes. Remember to make backups at periodic intervals.

Follow these steps to complete Project 1:

Step 1: Start Peachtree. If a company opens, select File; New Company. One company should be opened. The Create a New Company – Introduction window appears. Click .

Step 2: Type the following company information:

Company Name:	<b>Sharon Albert, Accounting</b> (substitute your first and last name for Sharon Albert)
Address Line 1:	<b>3120 Cactus Avenue</b>
City, State, Zip	<b>Phoenix, AZ 85317</b>
Country:	<b>USA</b>
Telephone:	<b>602-555-2700</b>
Fax:	<b>602-555-2712</b>
Business Type:	Select Sole Proprietorship
Leave the Tax ID Numbers fields blank.	
Web Site:	<b>www.sharonalbert.com</b>

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E-mail: info@sharonalbert.com

Step 3: Accept the default to Use a sample business type that closely matches your company.


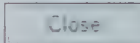
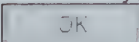
Step 4: Select Service Company. (*Hint: Simplified types.*)

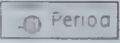
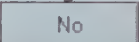
Step 5: Accept the default for Accrual accounting.

Step 6: Accept the default for Real Time posting.

Step 7: Accept the default for Choose an accounting period structure, 12 monthly accounting periods per year.

Step 8: The Choose the first period of your fiscal year window appears. Select January 2011

Step 9: At the You are ready to create your company window, click . At the Setup Guide window, click on the box next to Don't show this screen at startup. Click . If necessary, read the Peachtree Setup Guide window, click . The title bar shows Sharon Albert [your first and last name], Accounting.

Step 10: Change the accounting period to Period 12 – 12/01/11 - 12/31/11. (*Hint: On the toolbar, click ; select 12 – Dec 01, 2011 to Dec 31, 2011. If a window appears suggesting that you select the Internal Accounting Review, click .*)

Step 11: Make the following changes to the Chart of Accounts:


*Delete these accounts:*

1010	Cash on Hand
1150	Allowance for Doubtful Account
2310	Sales Tax Payable
2320	Deductions Payable
2330	Federal Payroll Taxes Payable

2340	FUTA Payable
2350	State Payroll Taxes Payable
2360	SUTA Payable
2370	Local Taxes Payable
2400	Customer Deposits
2700	Long-Term Debt–Noncurrent
4300	Other Income
5900	Inventory Adjustments
6250	Other Taxes Expense
6650	Commissions and Fees Expense
7100	Gain/Loss – Sale of Assets Exp

Change these accounts:<sup>1</sup>

1020	Checking Account	Phoenix Bank
1400	Prepaid Expenses	<b>Prepaid Rent</b>
1500	Property and Equipment	<b>Computer Equipment</b>
1900	Accum. Depreciation-Prop&Eq	<b>Accum. Depreciation-Comp Eqt</b>
2500	Current Portion Long-Term Debt	<b>Notes Payable</b>
3920	Owner's Contribution	<b>Sharon Albert, Capital</b> (Use your name; Account Type: Equity- doesn't close)
3930	Owner's Draw	<b>Sharon Albert, Draw</b> (Use your name)
4000	Professional Fees	<b>Accounting Fees</b>
6000	Wages Expense	<b>Wages Expense – Adm Asst</b>
6050	Employee Benefit Programs Exp.	<b>Wages Expense - Acctg Tech</b>
6150	Bad Debt Expense	<b>Subscriptions Expense</b>
6450	Office Supplies Expense	<b>Supplies Expense</b>
6550	Other Office Expense	<b>Internet Service</b>
7050	Depreciation Expense	<b>Deprec Exp – Comp Eqt</b>

<sup>1</sup>New account names are shown in boldface. Click  Save & New between accounts.

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Add these accounts:

1450	Supplies	Other Current Assets
1510	Furniture and Fixtures	Fixed Assets
1520	Automobile	Fixed Assets
1910	Accum. Depreciation – Furn&Fix	Accum. Depreciation
1920	Accum. Depreciation – Automobile	Accum. Depreciation
7060	Deprec Exp - Furn&Fix	Expenses
7070	Deprec Exp - Automobile	Expenses
7400	Postage Expense	Expenses

Step 12: Print the Chart of Accounts.

Step 13: Back up the chart of accounts. The suggested file name is **Sharon Albert Chart of Accounts.ntb**.

Step 14: Use Sharon Albert's Balance Sheet. Enter the beginning balances. Remember when selecting the beginning balance period, use 11/1/11 through 11/30/11—Beginning Balances as of November 30, 2011.

Sharon Albert, Accounting, Balance Sheet December 1, 2011		
ASSETS		
Current Assets		
Phoenix Bank	\$31,500.00	
Accounts Receivable	16,400.00	
Prepaid Rent	4,000.00	
Supplies	3,300.00	
Total Current Assets		\$55,200.00
Property and Equipment		
Computer Equipment	12,600.00	
Furniture and Fixtures	15,000.00	
Automobile	21,500.00	
Total Property and Equipment		49,100.00
Total Assets		<u>\$104,300.00</u>
Continued		



LIABILITIES AND CAPITAL		
Current Liabilities		
Accounts Payable	19,600.00	
Notes Payable	400.00	
Total Current Liabilities		19,600.00
Capital		
Sharon Albert, Capital		84,700.00
Total Liabilities and Capital		\$ 104,300.00

Step 15: Back up Ms. Albert's beginning data. The suggested file name is **Sharon Albert Beginning Balances.ptb**.

Step 16: The transaction register below and on the next page provides the information necessary for December's journal entries. Remember to post (save) between each transaction.

Transaction Register Sharon Albert, Accounting					
Ck. No.	Date	Description of Transaction	Payment	Deposit	Balance
	11/30				31,500.00
	12/1	Deposit (accounting fees)		3,500.00	35,000.00
9001	12/1	Phoenix Bank (Notes Payable)	2,700.00		32,300.00
9002	12/1	Pima Office Equipment - laser printer (computer equipment)	625.87		31,674.13
9003	12/5	Administrative Asst.	1,250.00		30,424.13
9004	12/5	Acctg. Technician	690.00		29,734.13
9005	12/12	Mill Avenue Office Supplies (letterhead - supplies)	105.65		29,628.48
9006	12/12	Administrative Asst.	1,250.00		28,378.48
9007	12/12	Acctg. Technician	690.00		27,688.48
	12/16	Deposit (accounting fees)		3,500.00	31,188.48
9008	12/17	West Telephone (telephone bill)	70.47		31,118.01
9009	12/17	U.S. Post Office	41.00		31,077.01
9010	12/17	Journal of Accountancy (subscription)	545.00		30,532.01
Continued					

## 424 Project 1

9011	12/19	Administrative Asst.			29,282.01
9012	12/19	Acctg. Technician			28,662.01
	12/23	Deposit (accounting fees)		4,000.00	32,662.01
9013	12/24	Maricopa Electric (utilities bill)			32,556.81
	12/24	Deposit (accounting fees)		4,000.00	36,556.81
9014	12/26	Administrative Asst.			35,306.81
9015	12/26	Acctg. Technician			34,556.81
	12/30	Deposit (payment received from client on account)		1,500.00	36,056.81
9016	12/30	Internet Service			36,026.82

Step 17: Sharon Albert's bank statement is shown below. (*Hint: Remember to record the bank service charge.*)

Statement of Account Phoenix Bank December 1 to December 31, 2011		Account No. 2145-265122		Sharon Albert, Accounting 3120 Cactus Avenue Phoenix, AZ 85317	
REGULAR CHECKING					
Previous Balance	11/30/11	31,500.00			
4 Deposits(+)					
12 Checks (-)		10,617.19			
Service Charges (-)	12/31/11	25.00			
Ending Balance	12/31/11	35,867.81			
DEPOSITS					
	12/3/11	3,500.00	12/28/11	4,000.00	
	12/17/11	3,500.00	12/30/11	4,000.00	
CHECKS (Asterisk * indicates break in check number sequence)					
	12/10/11	9001	2,700.00		
	12/11/11	9002	625.87		
	12/15/11	9003	1,250.00		
	12/15/11	9004	690.00		
	12/15/11	9005	105.65		
	12/15/11	9006	1,250.00		
	12/15/11	9007	690.00		
	12/22/11	9008	70.47		
	12/22/11	9011*	1,250.00		
Continued					

	12/22/11	9012	420.00	
	12/29/11	9013	165.20	
	12/30/11	9014	260.00	

Step 18: Print an Account Reconciliation report.

Step 19: Print the Account Register.

Step 20: Print a General Ledger Trial Balance (unadjusted).

Step 21: Back up the unadjusted trial balance. The suggested file name is **Sharon Albert UTB.ptb**. (UTB is an abbreviation for unadjusted trial balance.)

Step 22: Complete these adjusting entries:

- a. Supplies on hand: \$3,250.00.
- b. Depreciation for Computer Equipment: \$353.50
- c. Depreciation for Furniture and Fixtures: \$166.67
- d. Depreciation for the Automobile: \$358.33.
- e. Rent was paid for two months on November 30, 2011.  
Adjust one month's rent.<sup>2</sup>

Step 23: Print the General Journal (December 31, 2011), Cash Receipts Journal, and Cash Disbursements Journal.

Step 24: Print the General Ledger Trial Balance (adjusted).

Step 25: Print the General Ledger. (*Hint: Select Reports & Forms; General Ledger, highlight General Ledger, make the selections to print.*)

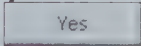
Step 26: Print the financial statements: balance sheet, income statement, statement of retained earnings, statement of cash flow, statement of changes in financial position.

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<sup>2</sup>Refer to the December 1, 2011, Balance Sheet for the account balance in the Prepaid Rent account.

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- Step 27: Back up December data. The suggested file name is **Sharon Albert December.ptb**.
- Step 28: Export the balance sheet, income statement, statement of cash flow, statement of retained earnings, statement of changes in financial position to Excel. Use **Sharon Albert\_Financial Statements.xlsx** as the file name.
- Step 29: Close the fiscal year. (If a window appears saying that The current Peachtree system date falls within the first of two open fiscal years. Do you still want to open the Year-End Wizard? Click . Continue closing the fiscal year.)
- Step 30: Print the Postclosing Trial Balance.
- Step 31: Back up year-end data. The suggested file name is **Sharon Albert EOY.ptb**.
- Step 32: Export the postclosing trial balance to Excel. Use **Sharon Albert\_Postclosing Trial Balance.xlsx** as the file name; December 31, 2011 as the data

Your instructor may want to collect this project. A Checklist of Printouts is shown below.

Checklist of Printouts, Project 1: Sharon Albert, Accounting	
	Chart of Accounts
	Account Reconciliation
	Account Register
	General Ledger Trial Balance (unadjusted)
	December 31, 2011 General Journal
	Cash Receipts Journal
	Cash Disbursements Journal
	General Ledger Trial Balance (adjusted)
	General Ledger
	Balance Sheet
	Income Statement
	Statement of Retained Earnings
	Statement of Cash Flow
	Statement of Changes in Financial Position
	Postclosing Trial Balance

---

Student Name \_\_\_\_\_ Date \_\_\_\_\_

**CHECK YOUR PROGRESS: PROJECT 1, Sharon Almy, Accounting**

1. What are the total debit and credit balances on your unadjusted trial balance? \_\_\_\_\_
2. What are the total debit and credit balances on your adjusted trial balance? \_\_\_\_\_
3. According to your account reconciliation report, what is the Ending GL Balance? \_\_\_\_\_
4. What is the depreciation expense for furniture and fixtures on December 31? \_\_\_\_\_
5. What is the depreciation expense for computer equipment on December 31? \_\_\_\_\_
6. What is the amount of total revenues as of December 31? \_\_\_\_\_
7. How much net income <or net loss> is reported on December 31? \_\_\_\_\_
8. What is the account balance in the Supplies account on December 31? \_\_\_\_\_
9. What is the account balance in the Accounts Payable account on December 31? \_\_\_\_\_
10. What is the total capital balance on December 31? \_\_\_\_\_
11. Is there an Increase or Decrease in cash for the month of December? \_\_\_\_\_
12. Were any Accounts Payable incurred during the month of December? (Circle your answer). YES NO





# Project 1A

## Student-Designed Service Business

In Chapters 9, 10, 11, and Project 1, you learned how to complete the Computer Accounting Cycle for a service business. Project 1A gives you a chance to design a service business of your own.

You create a service business, edit your business's Chart of Accounts, create source documents, and complete PCA's Computer Accounting Cycle. Project 1A also gives you an opportunity to review the software features learned so far.

You should think about the kind of business to create. Since you have been working on sole proprietorship service businesses in Part 2, you might want to design a business similar to these. Service businesses include: accountants, beauty salons, architects, hotels, airlines, cleaning stores, doctors, artists, etc. If you have a checking account and receive a monthly bank statement, you could use your own records for this project.

Before you begin you should design your business. You will need the following:

1. Company information that includes business name, address, and telephone number. (*Hint: Set your company up for Period 12, December 1 - 31, so that you can close the fiscal year.*)
2. One of PCA's sample companies.
3. A Chart of Accounts: 25 accounts minimum; 30 maximum.
4. One month's transactions for your business. You will need a Balance Sheet, check register, and bank statement. Your check register should include a minimum of 15 transactions and a maximum of 25. You should have at least four adjusting entries.

## 430 Project 1A: Student-Designed Service Business

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If you don't want to use a check register and bank statement, you could write 15 to 25 narrative transactions.

After you have designed your business, you ~~should~~ follow the steps of PCA's Computer Accounting Cycle to complete Project 1A.

For grading purposes, Project 1A should include the following printouts:

<b>Checklist of Printouts Project 1A Student-Designed Project</b>	
<input type="checkbox"/>	Chart of Accounts
<input type="checkbox"/>	Account Reconciliation
<input type="checkbox"/>	Account Register
<input type="checkbox"/>	General Ledger Trial Balance (unadjusted)
<input type="checkbox"/>	Cash Receipts Journal
<input type="checkbox"/>	Cash Disbursements Journal
<input type="checkbox"/>	December 31, 200X General Journal
<input type="checkbox"/>	General Ledger Trial Balance (adjusted)
<input type="checkbox"/>	General Ledger
<input type="checkbox"/>	Balance Sheet
<input type="checkbox"/>	Income Statement
<input type="checkbox"/>	Statement of Retained Earnings
<input type="checkbox"/>	Statement of Cash Flow
<input type="checkbox"/>	Statement of Changes in Financial Position
<input type="checkbox"/>	Post-Closing Trial Balance

# Part 3

## Peachtree Complete Accounting 2011 for Merchandising Businesses

In Part 3 of *Computer Accounting with Peachtree by Sage Complete Accounting 2011*, 15<sup>th</sup> Edition, your accounting business is hired to do the monthly record keeping for three merchandising businesses: Samantha's Service Merchandise, the end-of-chapter exercise, Student Name Sales & Service, and Georgia Sports.

Part 3 includes four chapters and two projects.

Chapter 12: Vendors & Purchases

Chapter 13: Customers & Sales

Chapter 14: Inventory & Services

Chapter 15: Employees, Payroll and Account Reconciliation

Project 2: Georgia Sports

Project 2A: Student-Designed Merchandising Business

Merchandising businesses purchase products ready-made from a vendor and then resell these products to their customers. (Merchandising businesses are also called retail businesses.) Items purchased by a retail business for resale are referred to as merchandise. A merchandising business earns revenue from buying and selling goods. Items purchased for use by the business are *not* merchandise; for example, supplies or computer equipment are *not* sold to customers.

In Part 1 you were shown how the sample company, Bellwether Garden Supply, used Peachtree's customer, vendor, payroll, and inventory features. The chapters that follow illustrate these features in detail.

Chapters 12 through 15 are cumulative. This means that the businesses you set up in Chapter 12, Samantha's Service Merchandise; and Exercise 12-1, Student Name Sales & Service, are continued in Chapters 13, 14, and 15.

At the end of Part 3, you complete Project 2, *Georgia Sports*, which reviews PCA's merchandising business features. At the end of Project 2, there is a Check Your Progress assessment that your instructor may want you to turn in. Project 2A, *Student-Designed Merchandising Business*, gives you an opportunity to create a merchandising business from scratch.

The chart below shows the size of the backup and Excel files in Part 3—Chapters 12, 13, 14, 15, and Project 2. The *textbook* steps show you how to back up to Peachtree's default location at C:\Sage\Peachtree\Company\[shortened company name]. You can also specify a hard drive location; or, backup to external media, such as, a USB drive.

Chapter	Backup (.ptb extension)	Kilobytes	Page Nos.
	Excel (.xlsx)		
12	Chapter 12 Starting Balance Sheet.ptb	1,301 KB	448
	Chapter 12 Begin.ptb	1,351 KB	462
	Chapter 12.ptb	1,351 KB	486-487
	Chapter 12_CofA_PJ_CDJ_VL_GLTB.xlsx	29 KB	487-489
	Exercise 12-1_Starting Balance Sheet.ptb	1,296 KB	495
	Exercise 12-1.ptb	1,304 KB	499
	Exercise 12-2.ptb	1,306 KB	500
	Exercise 12-2_CofA_PJ_CDJ_VL_GLTB.xlsx	31 KB	500
13	Chapter 13 Begin.ptb	1,428 KB	516
	Chapter 13.ptb	1,473 KB	544
	Chapter 13_SJ_CRJ_CL_GLTB.xlsx	24 KB	545
	Exercise 13-1.ptb	1,365 KB	551
	Exercise 13-2.ptb	1,372 KB	552
	Exercise 13-2_SJ_CRJ_CL_GLTB.xlsx	23 KB	552
14	Chapter 14 Begin.ptb	1,482 KB	565-566
	Chapter 14.ptb	1,504 KB	578
	Chapter 14_CL_VL_CGSJ_I AJ_IPR_GLTB.xlsx	31 KB	578-579
	Exercise 14-1.ptb	1,401 KB	582
	Exercise 14-2_CRJ_PJ_CGSJ_I AJ_IPR_GLTB.xlsx	30 KB	583
Continued			



Chapter	Backup (.ptb extension)		Page Nos.
	Excel (.xlsx)	Kilobytes	
15	Chapter 15 Begin.ptb	1,124 KB	611-612
	Chapter 15.ptb	1,112 KB	634
	Chapter 15_PayJ_GLTB_BS_IS_SCF.xlsx	1,114 KB	634
	Exercise 15-1.ptb	1,111 KB	641
	Exercise 15-2.ptb	1,111 KB	644
	Exercise 15-2_EL_CL_VL_IVR_PayJ_GLTB_BS_IS_SCF.xlsx	1,111 KB	645
Project 2	Georgia Sports Chart of Accounts.ptb	1,291 KB	650
	Georgia Sports Starting Balance Sheet.ptb	1,352 KB	651
	Georgia Sports Begin.ptb	1,351 KB	658
	Georgia Sports January.ptb	1,451 KB	663
	Georgia Sports_CofA_CL_VL_GLTB_AcctRec_BS_IS_SCF.xlsx	43 KB	663

The size of your backups may differ from those shown.

The extension for Excel 2007 and 2010 files is .xlsx. If you are using Excel 2003, the extension is .xls.



## Chapter

# 12

## Vendors & Purchases

### LEARNING OBJECTIVES

1. Set up company information for Samantha's Service Merchandise, a merchandising business.
2. Enter the following general ledger information: chart of accounts and beginning balances.
3. Enter the following accounts payable information: vendor defaults and vendor records.
4. Enter the following inventory information: inventory defaults, inventory items, and inventory beginning balances.
5. Record and post Vendors & Purchases transactions.
6. Export the chart of accounts, purchase journal, cash disbursements journal, vendor ledgers, and general ledger trial balance to Excel.
7. Complete the Internet Activity at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
8. Make five backups and save two Excel files.<sup>1</sup>

Chapter 12 begins Part 3 of the book: Peachtree Complete Accounting 2011 for Merchandising Businesses. Merchandising businesses are the retail stores that resell goods and services. In this chapter, you set up a merchandising business called Samantha's Service Merchandise. Samantha's Service Merchandise is a partnership owned by Lonnie Crosby and Samantha Currier. Mr. Crosby and Ms. Currier divide their income equally.

Merchandising businesses purchase the merchandise they sell from suppliers known as **vendors**. Vendors are the businesses that offer Samantha's Service Merchandise credit to buy merchandise and/or assets, or credit for expenses incurred. When Samantha's Service Merchandise makes purchases on account from vendors, the transactions are known as **accounts payable transactions**.

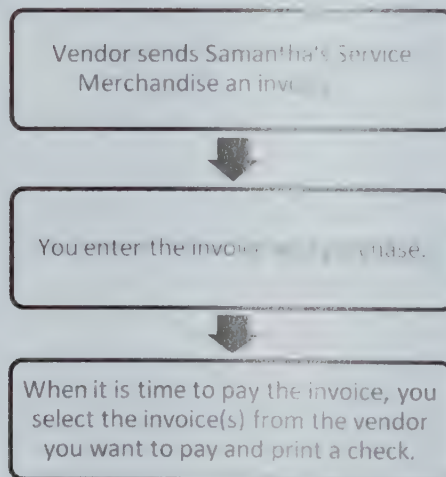
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<sup>1</sup>Refer to the chart on pages 432-433 for the file names and size of backups and Excel files.

PCA organizes and monitors Samantha's Service Merchandise's **accounts payable**. Accounts Payable is the amount of money the business owes to suppliers or vendors.

When entering a purchase, you enter a vendor code first. The vendor's name and address information, the standard payment terms, and the general ledger purchase account are automatically entered in the appropriate places. This information can be edited if any changes are needed. This works similarly for accounts receivable.

Once you have entered purchase information, printing a check to pay for a purchase is simple. When you enter the vendor's code, a list of purchases displays. You simply select the ones you want to pay and click on the Pay box. You can print the check or wait to print a batch of checks later. You can also pay a whole batch of vendors at one time, using the Select for Payment option. The diagram below illustrates how vendors are paid.



In Chapter 12, the merchandising businesses that you set up are continued in Chapters 13, 14, and 15.

## GETTING STARTED

Samantha's Service Merchandise started operations on January 1, 2011. It is a partnership owned by Lonnie Crosby and Samantha Currier and is located in Atlanta, GA. Follow these steps to set up the company.

1. Start Peachtree. If a company opens, select **File: New Company**, click . If a screen prompts do you want to keep another company open, click . (Hint: If the startup window appears, select Create a new company.)
2. The Create a New Company – Introduction window appears. Click .
3. The Enter your company information window appears. (Observe that a red asterisk (\*) indicates a required field.) Complete the following fields. Press the **<Tab>** key between each field.

#### Company Information

Company Name: **Samantha's Service Merchandise** (use your first name then Service Merchandise)  
Address Line 1: **125 Peachtree Blvd.**  
City, State, Zip: **Atlanta, GA 30301**  
Country: **USA**  
Telephone: **404-555-9900**  
Fax: **404-555-9902**  
Business Type: **Select Partnership**

#### Tax ID Information

Federal Employer ID: **85-2138997**  
State Employer ID: **71-7789219**  
State Unemployment ID: **343490-4**  
Web Site: **www.samanthaservmdse.biz**  
E-mail: **info@samanthaservmdse.biz**

#### Comment

If you use your name in the Company Name field, the name of your company will appear on all printouts.


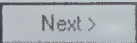
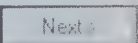
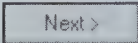
4. Check the information you just typed, then click . The Select a method to create your Company window appears.

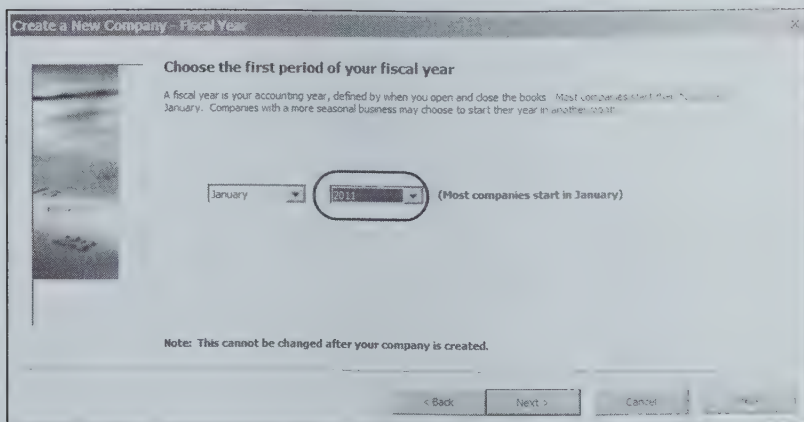




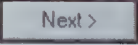


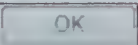
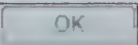

- 
- Create a New Company - Business Type**
- Select a business type**
- Each business type has a recommended transactions. Accountants sometimes
- Select a business type**
- Property Management Company
  - Real Estate Company
  - Religious Organizations
  - Non-Profit
  - Retail Company**
  - Service Company
  - Shop/Store
  - Sporting Goods Dealer
  - Taxi/Bus Services
- List of Accounts**
- 1000 Cash
  - 1010 Checking
  - 1020 Payroll Checking Account
  - 1030 Savings Account
  - 1040 Accounts Receivable
  - 1050 Accounts Receivable Service
  - 1060 Accounts Receivable
  - 1070 Allowance for Doubtful Account
  - 1080 Production Inventory
- Note:** You can edit accounts after your company is created.
- Next >** **Cancel** **Help**

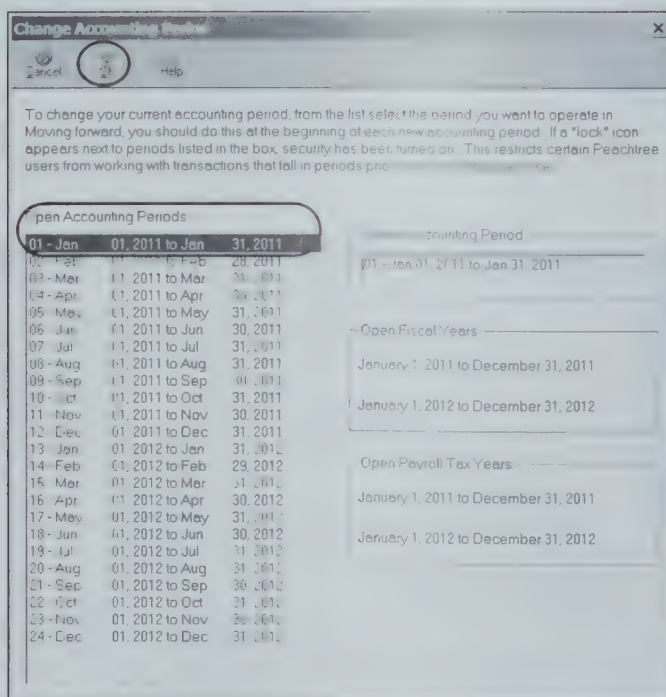
**IMPORTANT:** Make sure that Retail Company is selected from the **Detailed types list** not the Simplified types list. Check the Chart of Accounts on the right pane. The Detailed types list has a more extensive chart of accounts than the Simplified types list. Observe that the chart of accounts has account numbers with five digits; for example, 10000 – Petty Cash. (The Simplified types list has four-digit account numbers.)

7. Make sure that Retail Company is selected from the Detailed types list. Click .
8. Read the information about the Accounting Method. Accept the default for Accrual by clicking .
9. Read the information about Posting Method. Peachtree Software recommends real-time posting for networked computers. Accept the default for real-time posting by clicking .
10. At the Choose an accounting period structure window, accept the default for 12 monthly accounting periods per year by clicking .
11. The Choose the first period of your fiscal year window appears. Select **2011** as the year.




**Check this window carefully. You cannot change it later.**

12. Click .
13. The You are ready to create your company window appears. Click .
14. The Setup Guide window appears. Click on the box next to Don't show this screen at startup to place a checkmark in it--  
 Don't show this screen at startup. Click . If a Setup Guide window appears, . Samantha's (your name) Service Merchandise: Peachtree Accounting appears on the title bar (above the menu bar).
15. The Period shown on the toolbar defaults to the current period (month). If necessary, change the accounting period to 01 – Jan 01,2011 to Jan 31,2011; . (Hint: Click on the Period shown on the toolbar to change accounting periods.)



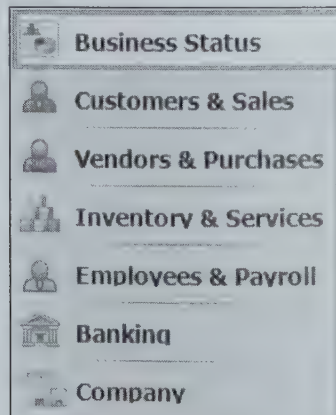
16. After selecting Period 1, click




17. Click  **Business Status**. The Business Status Navigation Center shows the following sections:

- Account Balances
- Customers Who Owe Money
- Aged Receivables
- Find a Report
- Revenue: Year to Date
- Vendors to Pay
- Aged Payables

In Chapters 12 through 15, you use links from the Business Status Navigation Center and the Navigation Bar to record transactions. Observe that the Navigation Bar's selections include:



These selections provide ways to navigate the software for Samantha's Service Merchandise, a retail business. The Navigation Bar's selections also indicate Peachtree's modules: Business Status represents an overview of the company; Customers & Sales is the accounts receivable system; Vendors & Purchases is the accounts payable system, etc. A Navigation Bar is used with other Windows software, for example, Microsoft Outlook and Microsoft Dynamics GP use a Navigation Bar. QuickBooks uses Navigation centers.

To make the Business Status Navigation Center the default, on the toolbar, click  **Make this the default page**. This icon changes to This is the default page.

## GENERAL LEDGER

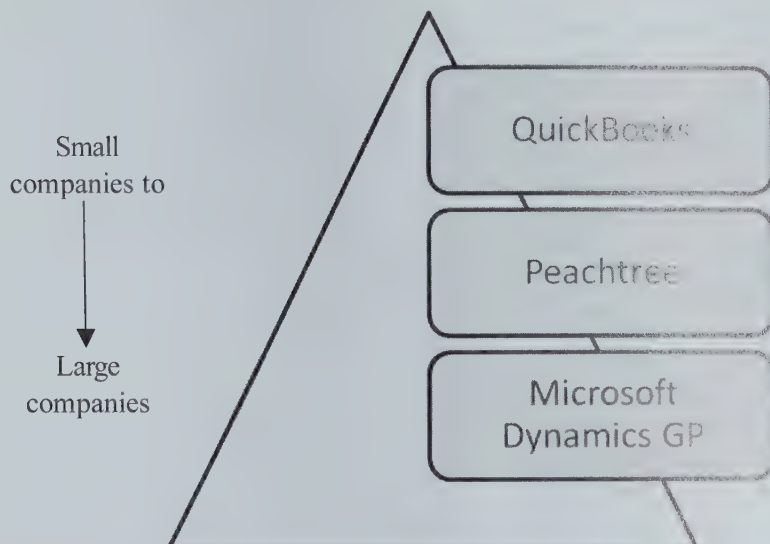
Peachtree's general ledger system includes the collection of accounts of a company (chart of accounts), then summarizes the transactions associated with these accounts and their related account balances for a specified period of time. After setting up a new company, the next step is editing the chart of accounts, and then entering the beginning balances. Peachtree's general ledger system is used for that purpose. Think of the general ledger as the core of an accounting system.

Observe how the general ledger system is organized within Peachtree's user interface; for example, the Navigation Bar's Company selection shows general ledger system choices such as the chart of accounts, links to recording general journal entries, and company reports. Also, the Reports & Forms menu shows the general ledger system's contents.

Most accounting software organizes the user interface into system modules: Accounts Payable (Vendors & Purchases); Accounts Receivable (Customers & Sales), Banking, etc. For this reason, Peachtree, QuickBooks, and Microsoft Dynamics GP look and work similarly.

The major differences between accounting software applications include the depth of processing, enhanced features and functions, and the size of the **database** (an organized body of related information). As the database gets larger, the depth of processing increases and more features and functions are available. As companies grow in size, their accounting software needs change.





Peachtree and QuickBooks are used by small companies. As the company grows to mid-size, Peachtree and Microsoft Dynamics GP can be used. Large companies use Microsoft Dynamics GP.

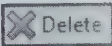
Company size	No. of Employees
Small business	1-50 employees
Medium-sized business	50-500 employees
Large business	500+ employees

## Chart of Accounts

From the Navigation Bar, click  **Company**,  **Chart of Accounts**, View and Edit Accounts.

1. Delete the following accounts.

### Comment

Double-click on the account you want to delete. Then, click  **Delete**. You can also type the account number into the Account ID field, then delete.

10000 Petty Cash  
10100 Cash on Hand

11400 Other Receivables  
14100 Employee Advances  
14200 Notes Receivable-Current  
14700 Other Current Assets  
15200 Automobiles  
15300 Other Depreciable Property  
15400 Leasehold Improvements  
15600 Building Improvements  
16900 Land  
17200 Accum. Depreciation-Automobi  
17300 Accum. Depreciation-Other  
17400 Accum. Depreciation-Leasehol  
17600 Accum. Depreciation-Bldg Imp  
19000 Deposits  
19100 Organization Costs  
19150 Accum. Amortiz -Org. Costs  
19200 Notes Receivable-Noncurrent  
19900 Other Noncurrent Assets  
23300 Deductions Payable  
23800 Local Payroll Taxes Payable  
24800 Other Current Liabilities  
24900 Suspense-Clearing Account  
58000 Cost of Sales-Other  
60500 Amortization Expense  
61000 Auto Expenses  
62500 Cash Over and Short  
63000 Charitable Contributions Exp  
63500 Commissions and Fees Exp  
65000 Employee Benefit Programs Exp  
68000 Laundry and Cleaning Exp  
73000 Other Taxes  
74000 Rent or Lease Expense  
76500 Travel Expense  
77000 Salaries Expense

2. Change the following accounts.

10200 Regular Checking Account  
10400 Savings Account  
12000 Product Inventory  
14000 Prepaid Expenses  
15100 Equipment  
17000 Accum. Depreciation-Furniture

**Southern Bank  
Wells Savings & Loan  
Merchandise Inventory  
Prepaid Insurance  
Computers & Equipment  
Accum. Depreciation -  
Furn&Fix**

---

17100	Accum. Depreciation-Equipment	Accum. Depreciation - Comp&Eq
24000	Other Taxes Payable	FICA Employee Taxes Payable
24100	Employee Benefits Payable	FICA Employer Taxes Payable
24200	Current Portion Long-Term Debt	Medicare Employee Taxes Payabl
24400	Customer Deposits	Medicare Employer Taxes Payabl
27000	Notes Payable-Noncurrent	Long-Term Notes Payable
27400	Other Long Term-Liabilities	Mortgage Payable
39006	Partner's Contribution	Lonnie Crosby, Capital (Note: Account Type, Equity- doesn't close)
39007	Partner's Draw	Lonnie Crosby, Drawing
40000	Sales-Merchandise	Sales-Hardware
40200	Sales-Services	Sales-Wall
40400	Sales-Clearance	Sales-Floor
40600	Interest Income	Service Fees
50000	Cost of Goods Sold	Cost of Sales-Hardware
50500	Cost of Sales-Service	Cost of Sales-Wall
57000	Cost of Sales-Salaries and Wag	Cost of Sales-Floor
64000	Depreciation Expense	Deprec Exp-Furn & Fixtures
64500	Dues and Subscription Exp	Deprec Exp-Computers & Equip

## 3. Add the following accounts.

*Account Type:*

13000	Supplies	Other Current Assets
23755	SUTA2 Payable	Other Current Liabilities
39008	Samantha Currier, Capital	Equity-doesn't close
39009	Samantha Currier, Drawing	Equity- gets closed
64600	Deprec Exp-Building	Expenses
72510	FICA Expense	Expenses
72520	Medicare Expense	Expenses
72530	FUTA Expense	Expenses
72540	SUTA Expense	Expenses
72545	SUTA2 Expense	Expenses
77600	Overtime Expense	Expenses

## Beginning Balances

1. From the Maintain Chart of Accounts window, click

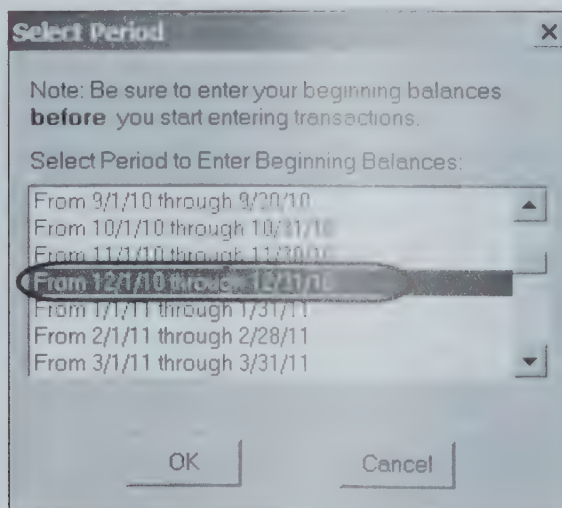
Account Beginning Balances

2. The Select Period window appears. Highlight From 12/1/10 through 12/31/10. Beginning balances *must* be set for the previous month. The starting balance sheet on pages 447-448 is dated January 1, 2011. This means that the period for entering beginning balances must be from December 1 through December 31, 2010 the month *before* the starting balances.

### Comment

Select December 1 - 31, 2010 as your Chart of Accounts Beginning Balance period so that your journals will start on January 1, 2011. Your reports will be dated January 31, 2011. Remember, Peachtree posts on the last day of the month. The December 31, 2010 balances are the January 1, 2011 starting balances.

3. Compare your Select Period window to the one shown below. Make sure From 12/1/10 through 12/31/10 is selected.



**Check the Select Period window carefully. Once the beginning balance period is selected, you cannot change it later.**

4. Click . The Chart of Accounts Beginning Balances window appears. Observe that this window shows that you are going to enter Beginning Balances as of December 31, 2010.
5. Lonnie Crosby and Samantha Currier purchased Samantha's Service Merchandise in December 2010. Use the Balance Sheet below and on the next page to record the Chart of Accounts Beginning Balances. If you need to review how to record beginning balances, see Chapter 9 pages 305-309.

Samantha's Service Merchandise Balance Sheet January 1, 2011		
ASSETS		
Current Assets:		
10200 - Southern Bank	\$73,500.00	
10400 - Wells Savings & Loan	20,000.00	
12000 - Merchandise Inventory	27,740.00	
13000 - Supplies	1,750.00	
14000 - Prepaid Insurance	2,400.00	
Total Current Assets		\$125,390.00
Property and Equipment:		
15000 - Furniture and Fixtures	5,000.00	
15100 - Computers & Equipment	7,500.00	
15500 - Building	100,000.00	
Total Property and Equipment		112,500.00
Total Assets		<u>\$237,890.00</u>
LIABILITIES AND CAPITAL		
Long-Term Liabilities:		
27000 - Long-Term Notes Payable	20,500.00	
27400 - Mortgage Payable	75,000.00	
Total Long-Term Liabilities		\$95,500.00
<i>Continued</i>		



Capital:		
39006 - Lonnie Crosby, Capital	71,195.00	
39008 - Samantha Currier, Capital	71,195.00	
Total Capital		142,390.00
Total Liabilities and Capital		\$237,890.00


6. When you are finished entering the beginning balances, click




7. Close the Maintain Chart of Accounts window.

### BACKING UP BEGINNING BALANCES

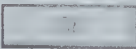
Follow these steps to back up the work completed so far. This backup saves the new company set on pages 437-442, the general ledger chart of accounts, pages 443-445, and the beginning balances, pages 446-448.

1. From the Navigation Bar, select ; link to Back up.

2. Click .

3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 12 Starting Balance Sheet** in the File name field.

4. Click .

5. When the window prompts that This company backup will require approximately 7.13MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 12.

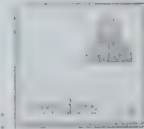
6. Continue or click File; Exit to exit Peachtree.





## ACCOUNTS PAYABLE: VENDORS

The next section shows how to set up Accounts Payable defaults. This is where you set up information about the vendors who offer credit to Samantha's Service Merchandise. Vendors offer Samantha's Service Merchandise a 2 percent discount for invoices paid within 10 days (2% 10, Net 30 Days).

In Chapter 2, Vendors, you used Bellwether Garden Supply to explore Peachtree's accounts payable system. The accounts payable system provides the information needed for the entry that credits the Accounts Payable account and debits asset or expense accounts (if vendor invoices represent). Since the company set up in Chapter 17, Samantha's Service Merchandise, buys on credit from various vendors, the business wants to keep track of the amount owed and the due dates of bills. The accounts payable system does that.

Follow these steps to enter vendor default information.



1. From the Navigation Bar, select  **Vendors & Purchases**.  **Set Up Vendor Defaults**. The Vendor Defaults window appears.
2. Due in number of days is selected in the Standard Terms list. Type **10** for the number of days in the Discount in field. Press <Tab>.
3. Type **2** in the Discount % field; press <Tab>.
4. Type **10000** in the Credit Limit field; press <Tab>.
5. In the Expense Account field, click . Select Account No. 12000, Merchandise Inventory.
6. In the Discount GL Account field, click . Select Account No. 59500, Purchase Discounts.

**Vendor Defaults**

Payment Terms Account Aging Custom Fields

Standard Terms Sets Default Terms for Purchases. Default for Credit Limit

☐ C.O.D. Net due in 30 days  
☐ Prepaid Discount in 10 days  
☒ Due in number of days Discount % 2.00  
☐ Due on day of next month Credit Limit 10,000.00  
☐ Due at end of month

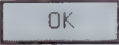
GL Link Accounts Sets Default Accounts for new Vendor Records. Expense Account can also be changed in edit mode.

Expense Account 12000 Merchandise Inventory  
 Discount GL Account 59500 Purchase Discounts

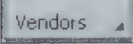
OK Cancel Help

Make sure that the Expense Account field shows Account No. 12000, Merchandise Inventory; and that the Discount GL Account field shows Account No. 59500, Purchase Discounts. This sets up the default accounts for merchandise purchases and vendor discounts.

In PCA, the Merchandise Inventory account contains summary information about the total cost of the merchandise on hand and available for sale. In addition, PCA tracks vendor discounts in Account No. 59500, Purchase Discounts. PCA also keeps a detailed inventory record for each item of merchandise in stock. PCA automatically updates subsidiary records every time there is a change in the Merchandise Inventory account caused by a purchase, sale, or return of merchandise.

7. Click . You are returned to the Vendors & Payables Navigation Center.



8. Click ; New Vendor. The Maintain Vendors window displays. Follow these steps to enter vendor information:

- a. In the Vendor ID field, type **JJH06** (use a zero) then press the **<Enter>** key.
- b. In the Name field, type **James Jarvis Hardware** then press the **<Enter>** key four times.
- c. In the Mailing Address field, type **6220 Fountain Avenue** then press the **<Enter>** key two times.
- d. In the City, ST Zip field, type **Los Angeles** then press the **<Enter>** key. Click on the down arrow ☐ then select CA from the list of states. Press the **<Enter>** key. Type **90046** as the Zip code, press **<Enter>**.
- e. In the Country field, type **USA** then press **<Enter>**
- f. In the Vendor Type field, type **hardware** then press **<Enter>**.
- g. In the 1099 Type field, click on the down arrow ☐ and select Independent Contractor. Press the **<Enter>** key. Observe that the Expense Account automatically displays 12000. This is the default Expense Account entered on page 449, step 5.
- h. In the Telephone 1 field, type **323-555-3211** then press **<Enter>** two times.
- i. In the Fax field, type **323-555-3213** then press **<Enter>**.
- j. In the E-mail field, type **james@jarvishardware.com** and then press **<Enter>**.
- k. Type **www.jarvishardware.com** in the Web Site field. Compare your Maintain Vendor window to the one shown on the next page.

**Maintain Vendors**

File Edit Go To Window Help

Close New List Save Save & New Delete Change ID Event

Vendor ID: 01H06

Name: James Jarvis Hardware

General | Addresses | History | Purchase Info

Contact:

Account Number:

Mailing Address: 6220 Fountain Avenue

City, ST, Zip: Los Angeles CA 90046

Country: USA

Copy to Remit To Address 1

Vendor Type: Independent Contractor

1099 Type: 1099-Settings

Expense Account: 1099-Settings

Telephone 1:

Telephone 2:

9. Click on the Purchase Info tab. Follow these steps to complete the fields:
  - a. Type **30-2139477** in the Tax ID Number field. Observe that the credit terms entered on page 449 are shown. Compare your Maintain Vendors/Purchase Info window to the one shown below.

**Maintain Vendors**

File Edit Go To Window Help

Close New List Save Save & New Delete Change ID Event

Vendor ID: 01H06

Name: James Jarvis Hardware

General | Addresses | History | Purchase Info

Purchase Defaults

Purchase Rep:

Tax ID Number: 30-2139477

Ship Via: Airborne Customize the ship method

Terms and Credit

Use default terms

Net due in 30 days  
Discount in 10 days  
Discount Percent: 2.00 %  
Credit Limit: \$1,000,000

Form Options

Delivery Method: Paper Form E-mail

E-mail purchase rep when using batch processing to send invoices

### Comment

The Ship Via field on this window shows Airborne. You complete shipping information when you set the defaults for inventory.



b. Click .

c. Click on the General tab. Add the next vendor.

1) Vendor ID: **LLP07**  
Name: **Lester Lee Products**  
Mailing Address: **2137 School Street**  
City, ST Zip: **San Diego, CA 97022**  
Country: **USA**  
Vendor Type: **floor**  
1099 Type: **Independent Contractor**  
Expense Account: Defaults to 12000  
Telephone 1: **619-555-4389**  
Fax: **619-555-4384**  
E-mail: **lester@leeproducts.com**  
Web Site: **www.leeproducts.com**

*Purchase Info:*

Tax ID Number: **31-2234988**  
Terms and Credit: Defaults to 2% 10 Net 30

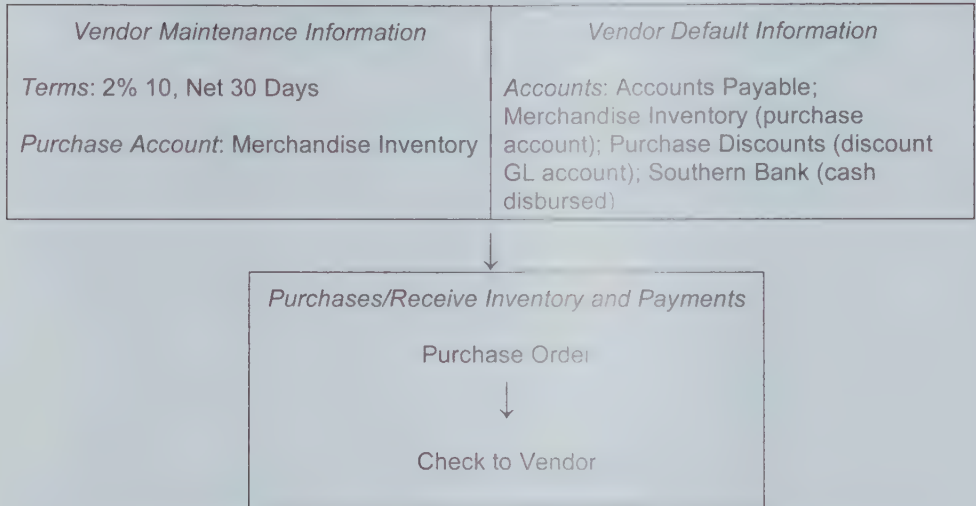
2) Vendor ID: **RBF08**  
Name: **Ronnie Becker Fabrics**  
Mailing Address: **30012 Thunderbird Avenue**  
City, ST Zip: **Mesa, AZ 85233**  
Country: **USA**  
Vendor Type: **wall**  
1099 Type: **Independent Contractor**  
Expense Account: Defaults to 12000  
Telephone 1: **480-555-3230**  
Fax: **480-555-4367**  
E-mail: **ronnie@beckerfabrics.biz**  
Web Site: **www.beckerfabrics.biz**


*Purchase Info:*

Tax ID Number: **78-3455789**  
Terms and Credit: Defaults to 2% 10 Net 30

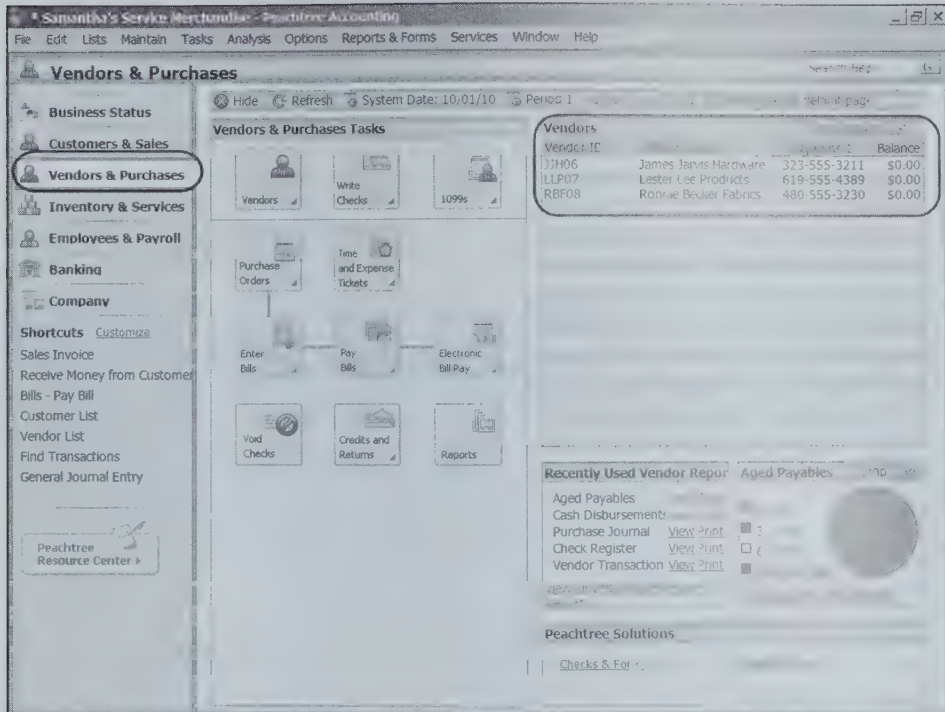
10. Check your vendor information carefully. When you are finished entering vendor information, close the Maintain Vendors window.

How does vendor information work? The diagram below shows how vendor maintenance information, vendor default information and purchases and payments work together.



On the Vendors & Purchases Navigation Center, Peachtree illustrates its accounts payable system. In Chapter 12, you work with vendors, entering bills, credits and returns, paying vendor bill, and issuing checks for expenses and owners' withdrawals. (*Hint:* To see Vendors, click  Refresh .)

Compare your Vendors & Purchases Navigation Center to the one shown on the next page.




## INVENTORY & SERVICES

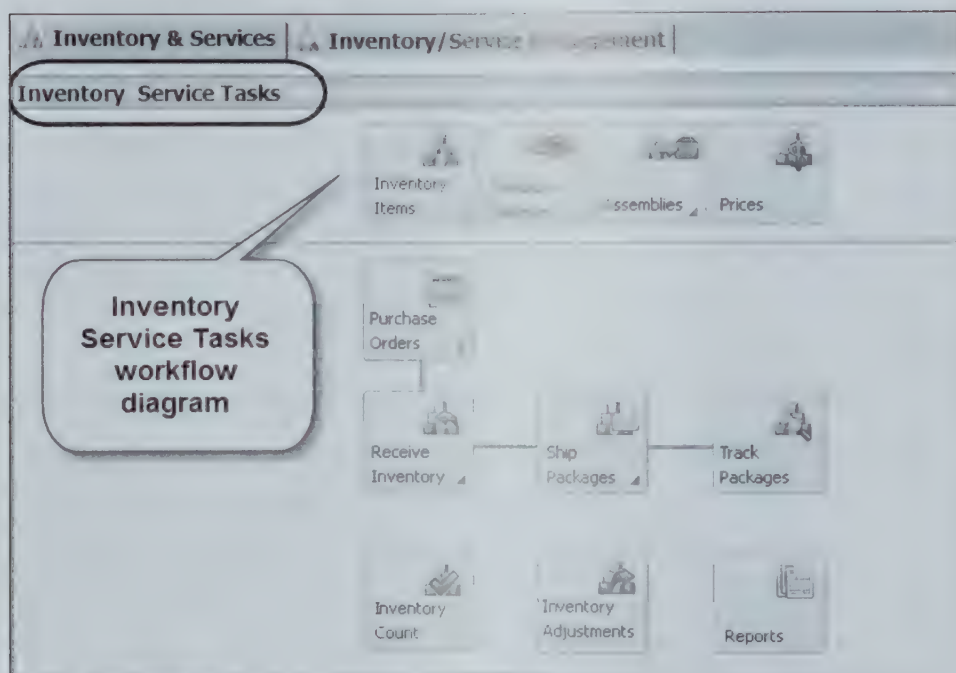
The Inventory & Services Navigation Center displays information and access points related to the company's inventory items. It includes a summary of item information, access to recently used inventory reports, and a graphic analysis of how the cost of sales is trending. In addition, the Inventory & Services Navigation Center shows the flow of inventory-related tasks and takes you where you need to go to perform those tasks. Peachtree's inventory system is an example of another module within its user interface.



In the next section, default information for inventory items is completed. Because the Merchandise Inventory account is increased or decreased for every purchase, sale or return, its balance in the general ledger is current.

## Inventory Defaults

Follow these steps to set up inventory items.

1. From the Navigation Bar, select  **Inventory & Services**. Observe how the Inventory & Services Tasks are organized. The workflow diagram illustrates a sequence of connected steps within Peachtree's inventory system.



2. Click  **Inventory Items**; Set Up Inventory Defaults. The Inventory Item Defaults window appears.
3. Click on the **GL Accts/Costing** tab. In the Stock item row, click on the down arrow  next to FIFO in the Costing column. Select Average.

**Comment**

Further study of inventory costing methods will be done in Chapter 14 Inventory & Services.

4. On the Master Stock item row, change FIFO to Average
5. On the Assembly row, change FIFO to Average

Inventory Item	Inventory	GL Inventory	GL Cost of Sales	Costing
Stock Item	40000	10000	20000	FIFO
Master Stock Item	40000	10000	20000	FIFO
Non-stock Item	40000	77400	20000	FIFO
Description only				
Service	40000	77400	20000	FIFO
Uppdr	40000	77400	20000	FIFO
Assembly	40000	10000	20000	Average
Activ. item	40000			
Charge item	40000			

These Defaults are used when creating new items. Click on the calls to access the entry tools. Individual records can be changed as they are created in the Master Inventory Items Screen.

GL Freight Account: 45500 ☐ Shipping Charges This GL Link is for Freight Charges in Sales/Invoicing

6. Make sure Average is selected in the Costing column. Click


OK

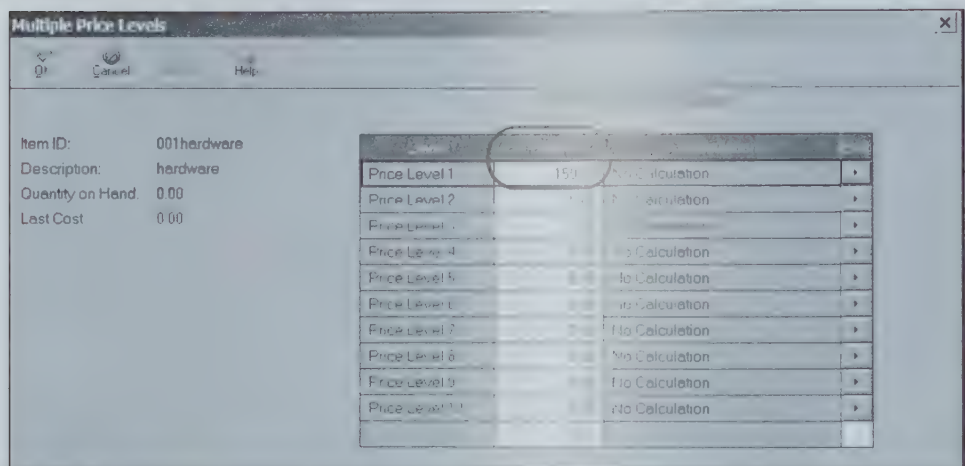
## Inventory Items




1. Click ; New Inventory item. Follow these steps to add inventory items.
  - a. In the Item ID field, type **001hardware**, then press the <Enter> key.
  - b. In the Description field, type **hardware** then press <Enter>.



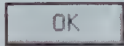
- c. In the Item Class field, select Stock item. Press the **<Enter>** key two times.
- d. In the Description: for Sales field, type **restoration hardware** then press **<Enter>**.
- e. Click on the right arrow  in the Price Level 1 field. The Multiple Price Levels window appears. Type **150** in the Price field of Price Level 1, then press **<Enter>**.




Price Level	Price	Calculation
Price Level 1	150	No Calculation
Price Level 2		No Calculation
Price Level 3		No Calculation
Price Level 4		No Calculation
Price Level 5		No Calculation
Price Level 6		No Calculation
Price Level 7		No Calculation
Price Level 8		No Calculation
Price Level 9		No Calculation
Price Level 10		No Calculation
Price Level 11		No Calculation

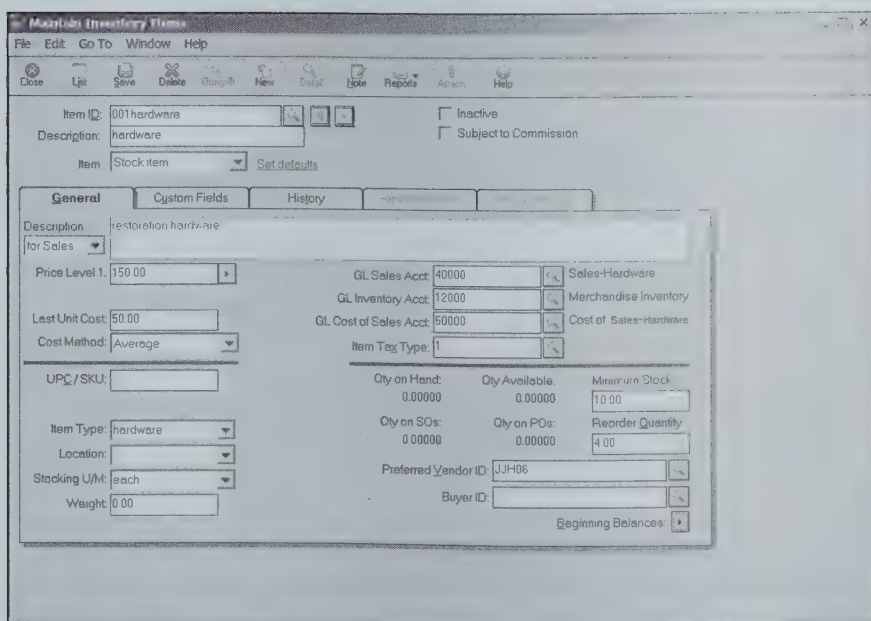
- f. Click .

**Comment:** What if your Price Level 1 field does not display 150.00 but 1.50? Follow these steps to set the decimal point:

1. From the menu bar, click Options, then Global. If necessary, select the Accounting tab.
2. In the Decimal Entry field, click Manual. Make sure that the number 2 is shown in the Number of decimal places field.
3. Click . This sets your decimal place globally. That means from now on all numbers with decimal places will be set automatically; for example, 150 will display as 150.00.

- g. Type **50** in the Last Unit Cost field. Press **<Enter>**.




- h. Accept the default for Account No. 40000, Sales-Hardware as the GL Sales Acct.
- i. Accept the default for Account No. 12000, Merchandise Inventory, as the GL Inventory Acct by pressing <Enter>
- j. Accept the default for Account No. 50000, Cost of Sales-Hardware as the GL Cost of Sales Acct by pressing <Enter> three times.
- k. In the Item Type field, type **hardware** then press <Enter> two times.
- l. In the Stocking U/M field (U/M is an abbreviation for Unit of Measure), type **each** then press <Enter> two times.
- m. In the Minimum Stock field, type **10** then press <Enter>
- n. In the Reorder Quantity field, type **4** then press <Enter>.
- o. In the Preferred Vendor ID field, click . Select James Jarvis Hardware, JJH06, as the vendor. Compare your Maintain Inventory Items window with the one below.




**Maintain Inventory Items**


File Edit Go To Window Help


Close Exit Save Delete Change New Data Note Reports Attach Help

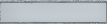
Item ID: 001hardware   ☐ Inactive  
Description: hardware ☐ Subject to Commission  
Item: Stock item  Set defaults


**General** Custom Fields History

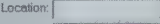
Description: restoration hardware  
for Sales 


Price Level 1: 150.00 

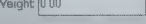
Last Unit Cost: 50.00  
Cost Method: Average 





UPC / SKU: 



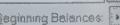
Item Type: hardware 

Location: 

Stocking U/M: each 

Weight: 0.00 

GL Sales Acct: 40000  Sales-Hardware  
GL Inventory Acct: 12000  Merchandise Inventory  
GL Cost of Sales Acct: 50000  Cost of Sales-Hardware  
Item Tax Type: 1 

Qty on Hand: 0.00000 Qty Available: 0.00000 Minimum Stock: 10.00  
Qty on SOs: 0.00000 Qty on POs: 0.00000 Reorder Quantity: 4.00  
Preferred Vendor ID: JJH06   
Buyer ID:   
Beginning Balances: 

p. Click .

q. Click .

Enter the following stock items:

- 1) Item ID: **002wall**  
 Description: **wall**  
 Item Class: **select Stock item**  
 Description for Sales: **wall coverings**  
 Price Level 1: **100**  
 Last Unit Cost: **30**  
 GL Sales Acct: **40200 Sales-Wall**  
 GL Inventory Acct: **12000 Merchandise Inventory**  
 GL Cost of Sales Acct: **50500 Cost of Sales-Wall**  
 Item Type: **wall**  
 Stocking U/M: **each**  
 Minimum Stock: **10**  
 Reorder Quantity: **4**  
 Preferred Vendor ID: **RBF08**
  
  - 2) Item ID: **003floor**  
 Description: **floor**  
 Item Class: **select Stock item**  
 Description for Sales: **flooring**  
 Price Level 1: **160**  
 Last Unit Cost: **54**  
 GL Sales Acct: **40400 Sales-Floor**  
 GL Inventory Acct: **12000 Merchandise Inventory**  
 GL Cost of Sales Acct: **57000 Cost of Sales-Floor**  
 Item Type: **floor**  
 Stocking U/M: **each**  
 Minimum Stock: **25**  
 Reorder Quantity: **10**  
 Preferred Vendor ID: **LLP07**
2. Save then click Beginning Balances. The Inventory Beginning Balances window displays. Follow these steps to record beginning balances.

- In the Item ID table, click on 001hardware. Press the <Tab> key.
- In the Quantity field, type **90** then press <Enter>.
- In the Unit Cost field, type **50** then press <Enter>
- The Total Cost field displays 4,500.00. Press the <Enter> key.
- Enter the beginning balances for walls and floors:

Item ID	Description	Quantity	Unit Cost	Total Cost
002wall	wall	148	30	4,440.00
003floor	floor	200	54	10,800.00

Inventory Beginning Balances

How do I enter these beginning balances?

Item ID	Description	Quantity	Unit Cost	Total Cost
001hardware	hardware	90.00	50.00	4,500.00
002wall	wall	148.00	30.00	4,440.00
003floor	floor	200.00	54.00	10,800.00

Total Beginning Balances 19,740.00

- Observe that the Total Beginning Balance is 19,740. You add additional inventory in Chapter 14, Inventory & Services.<sup>2</sup> Click



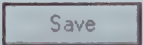



- Close the Maintain Inventory Items window.

<sup>2</sup>If you compare the total beginning balance in inventory, \$19,740, to the balance sheet on page 447, observe that the Merchandise Inventory account has a \$27,740 balance. Additional inventory valued at \$8,000 is added in Chapter 14.

## BACKING UP YOUR DATA

Follow these steps to back up Chapter 12 data. This back up saves data to this point: new company setup, pages 437-441; general ledger chart of accounts, pages 443-445; beginning balances, pages 446-448; and accounts payable defaults, vendors, inventory defaults, and inventory items, pages 449-461.

1. Select ; link to Back up.
2. Click .
3. Accept the default for backing up to 0 hard drive or make the selections to back up to another location. Type **Chapter 12 Begin** in the File name field.
4. Click .
5. When the window prompts that The company backup will require approximately 7.25MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 12.
6. Continue or click File; Exit to exit Peachtree.

## VENDORS & PURCHASES: PURCHASES/RECEIVE INVENTORY

The Vendors & Purchases Tasks workflow diagram includes a selection for Enter Bills; New Bill. This selection takes you to the Purchases/Receive Inventory window. In PCA, all information about a purchase is recorded in the Purchases/Receive Inventory window. Then, PCA takes the necessary information from the window and journalizes the transaction in the Purchase Journal.

In Peachtree, the Purchases/Receive Inventory window is the **Purchase Journal**. On the Purchases/Receive Inventory window, you can enter vendor purchase invoices or receive inventory for purchase orders.



The Purchases/Receive Inventory window includes two tabs.

- **Apply to Purchase Order:** When you select a vendor who has open purchase orders, Peachtree displays this tab, allowing you to select which purchase order to receive items against.
- **Apply to Purchases:** If you select a vendor with no open purchase orders, by default Peachtree displays this tab, where you can enter a purchase that did not originate on a purchase order. In addition, if items were included on the purchase invoice that are not included on the purchase order, you can add them here.


After recording vendor purchases in the Purchases/Receive Inventory window, you can display or print the Purchase Journal by selecting Reports, then Accounts Payable and highlighting the Purchase Journal. These steps are included in this chapter. Just remember, each time you use the Purchases/Receive Inventory window you are also journalizing in the Purchase Journal.

Purchases are posted both to the General Ledger and to the **Vendor Ledger** or **Accounts Payable Ledger**. You can also apply purchases to Inventory Items or Jobs.



Purchases work hand in hand with paying bills. On the Vendors & Purchases Tasks flowchart, Pay Bills is one of the selections. Once you have entered and posted a purchase (vendor invoice), that invoice is available when you enter the Vendor's ID code in Payments. You can select the invoice, then save (post) the payment; PCA distributes the appropriate amounts.



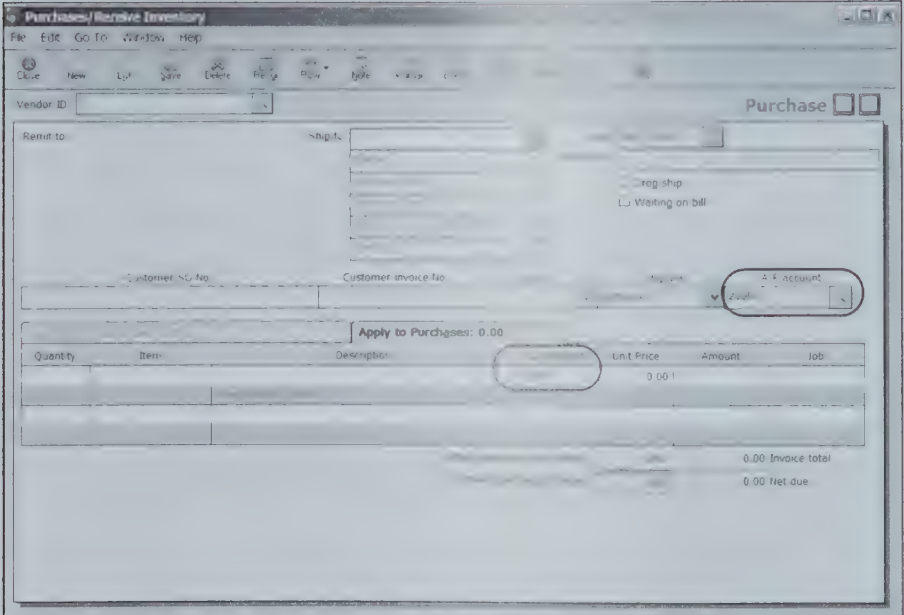
### **Recording Purchases: Purchases/Receive Inventory Window**

(Hint: This icon, , means there is a flash video at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).)

1. If you exited Peachtree, start Peachtree. Then, open Samantha's Service Merchandise and restore the Chapter 12 Begin.ptb backup file.


- From the Navigation Bar, select  **Vendors & Purchases**,  Enter Bills.

Check that *both* the A/P Account lookup field and GL Account field are shown on your Purchases/Receive Inventory window. If *not*, read the paragraph below the Purchases/Receive Inventory window. (Hint: To see multiple lines in the Apply to Purchases table, use your cursor to enlarge the Purchases/Receive Inventory window.)



If the A/P Account lookup field and GL Account field are *not* shown, check your global settings. To do that, click Options, Global. If necessary, select the Accounting tab. The boxes in the Hide General Ledger Accounts section *must* be unchecked. (See steps 1-3 pages xiii-xiv.)

On the Purchases/Receive Inventory window, your cursor is in the Vendor ID field. There are three ways to select a vendor or add a new vendor.


- In the Vendor ID field, type a question mark **<?>** and the vendor list displays.
- With the mouse pointer in the Vendor ID field, click on the right mouse button. The vendor list displays.
- In the Vendor ID field, click  and the vendor list displays.

The transaction that you are going to work is shown below.

<i>Date</i>	<i>Transaction Description</i>
01/03/11	Invoice No. 56JJ was received from James Jarvis Hardware for the purchase of six curtain rods for a unit cost of \$50.00 each, and a total of \$300.00. (Samantha's Service Merchandise classifies curtain rods as hardware.)

3. In the Vendor ID field, select JJH06, James Jarvis Hardware.

The name and address information is automatically completed when you select an existing vendor. Observe that when you select James Jarvis Hardware, the Ship To, Ship Via, Terms, and A/P Account<sup>3</sup> fields are automatically completed.

4. In the Date field type **3** (or select 3).
5. In the Invoice # field, type **56JJ** and press the **<Enter>** key.
6. Click on the Quantity field and type **6** then press the **<Enter>** key.
7. In the Item field, click  and select 001hardware. Accept the description. Press the **<Tab>** key. Observe that the following purchase information is automatically completed:
  - a. Description field, restoration hardware.

---

<sup>3</sup>If the A/P Account lookup field does not display, click Options, Global. The boxes in the Hide General Ledger Accounts section *must* be unchecked. (See pages xiii-xiv, Setting Global Options.)

- b. GL Account 12000, Merchandise Inventory. (If the account name, Merchandise Inventory does *not* show, go to Options; Global, General tab. In the Line Item Entry Display area, make sure 2 Line is selected; click OK. Click on the Purchases/Receive Inventory button on the taskbar to enlarge the window.)
- c. Unit Price 50.00.
- d. Amount 300.00.
- e. Invoice Total and Net Due, 300.00
- f. Vendor Balance on Jan 3, 2011: 0.00.

**Purchases/Receive Inventory**

File Edit Go To Window Help

Close New List Save Delete Retry Row Date Journal Event Layout Print

Vendor ID: 12000

Remit to: James Jarvis Hardware  
8220 Fountain Avenue  
Los Angeles, CA 90046 USA

Ship to: Samantha's Service Merchandise  
125 Peachtree Blvd.  
Atlanta GA 30301  
USA

Customer ID No. Customer Invoice No. Terms Ship via A/P account

Apply to Purchases: 300.00

Quantity	Item	Description	Unit Price	Amount	Job
6.00	001hardware	restoration hardware			

Vendor balance on Jan 3, 2011 0.00

Invoice total: 300.00  
Net Due: 300.00



### Read Me


On the Purchases/Receive Inventory window, if the Quantity, Item, Description, GL Account, Unit Price, and Amount table does *not* show multiple lines you can use the arrows next to the Job field to scroll through the multiple lines. Or, try using the cursor to enlarge the window.

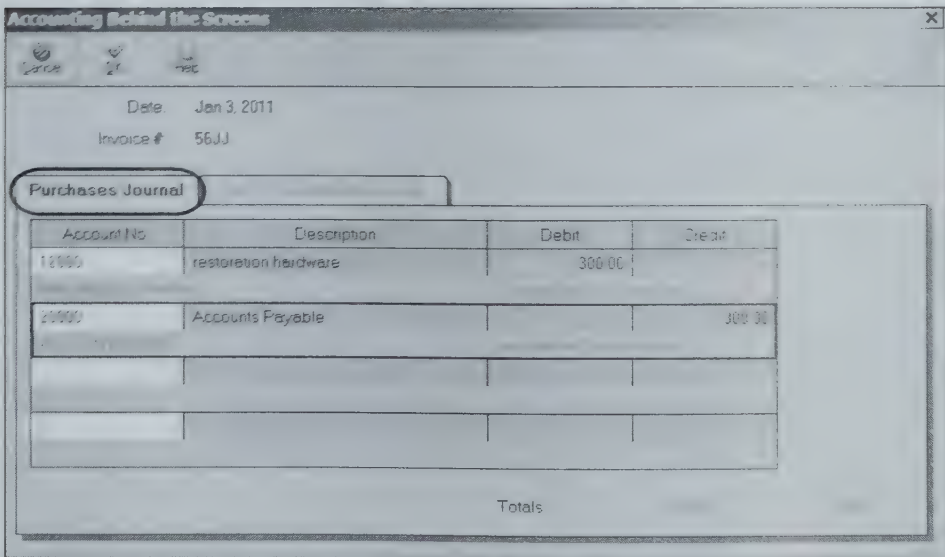
The number of lines on the Quantity, Item/Description table is determined by how the screen resolution is set. If your Purchases/Receive Inventory window shows one line on the Quantity, Item table, then your computer is probably set up for 800 X 600 pixels. If your screen resolution is set at 1024 X 768 pixels, your Purchases/Receive Inventory window shows multiple lines in the Quantity/Item area. To check your screen resolution, go to the desktop and right click; left click Properties, select the Settings tab. The screen resolution area shows the number of the monitor's pixels.



**Invoice Total:** The Invoice Total keeps a running total of the entry lines you have added to the Purchase Journal. Before you post a Purchase Journal entry, you should check to see that the amount field is the same as the total invoice amount (Net Due) on the vendor invoice.

The total that shows in the Amount field is automatically credited to the accounts payable account (Account No. 20000, Accounts Payable and the vendor account, James Jarvis Hardware). The information entered on the Purchases/Receive Inventory window will be recorded in the Purchase Journal.

8. Click  to see this entry in the Purchases Journal.



Accounting Behind the Scenes

Date: Jan 3, 2011  
Invoice #: 56JJ

**Purchases Journal**


Account No.	Description	Debit	Credit
12000	restoration hardware	300.00	
20000	Accounts Payable		300.00
Totals		300.00	300.00

**Inventory Items and Purchases:** Since you entered an Inventory Item (hardware), the debit amount is shown in the merchandise inventory account (Account No. 12000). (On page 449, step 5, you set up the Expense Account default for Account No. 12000, Merchandise Inventory.)

9. Click  to return to the Purchases/Receive Inventory window.





10. Click  to post this entry. The Purchases/Receive Inventory window is ready for the next transaction. When you enter and post purchases of inventory items, three things happen:
- The amount or stock level of the item is updated.
  - The **Average Cost** is updated based on the Unit Price entered. Average cost is computed using the **weighted-average method** for inventory. The Average Cost is used by PCA to compute Cost of Goods Sold when these Inventory Items are entered as Sales.
  - For Stock-Type items, the Inventory account is debited and Accounts Payable is credited (debit, Account No. 12000, Merchandise Inventory; credit, Account No. 20000, Accounts Payable/Vendor.)

### Additional Purchases

The following transactions need to be entered in the Purchases Journal.



Remember to click  after each transaction to post.

<i>Date</i>	<i>Transaction Description</i>
01/20/11	Invoice 90 was received from Lester Lee Products for the purchase of eight rolls of vinyl flooring at \$54 each, for a total of \$432. ( <i>Hint: Select 003floor as the inventory item.</i> )
01/20/11	Invoice 210 was received from Ronnie Becker Fabrics for four pairs of curtains at \$30 each, for a total vendor invoice of \$120. ( <i>Hint: Select 002wall as the inventory item.</i> )
01/20/11	Invoice 78JJ was received from James Jarvis Hardware for the purchase of 10 curtain rods at \$50 each, for a total of \$500. ( <i>Hint: Select 001hardware as the inventory item.</i> )

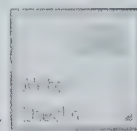
## CASH PURCHASES: Write Checks Window

Samantha's Service Merchandise pays cash for some purchases. Usually these cash disbursements are for expenses. All payments of cash are recorded in the **cash disbursements journal**. Follow these steps to see how cash purchases are entered.



### Read Me:

The Write Checks window is a simplified version of the Payments window. Both the Write Checks window and the Payments window post to the Cash Disbursements Journal.



1. From the Vendors & Purchases Navigation Center, click **New Check**. When the Select a Cash Account window appears, make sure Southern Bank is selected. Then, click **OK**. The Write Checks window displays.

<i>Date</i>	<i>Transaction Description</i>
01/24/11	Samantha's Service Merchandise issued check 3030 in the amount of \$160 to Dennis Allen for cleaning (debit Account No. 70000, Maintenance Expense). Print Check No. 3030.

### Comment

Your Write Checks window will show a cash account balance in the Balance field. Your Cash Account Balance field shows the same amount as the January 1, 2011 balance sheet, page 447, Southern Bank.

2. Click on the Pay to the order of Name field and type **Dennis Allen**.
3. Type **24** in the Date field and press **<Enter>**.
4. Type **160** in the \$ field.


5. In the Expense Account field, select Account No. 70000, Maintenance Expense.

## Printing the Check

Follow these steps to print the check:

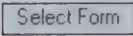
1. The Write Checks window with Dennis Allen's check should be displayed.

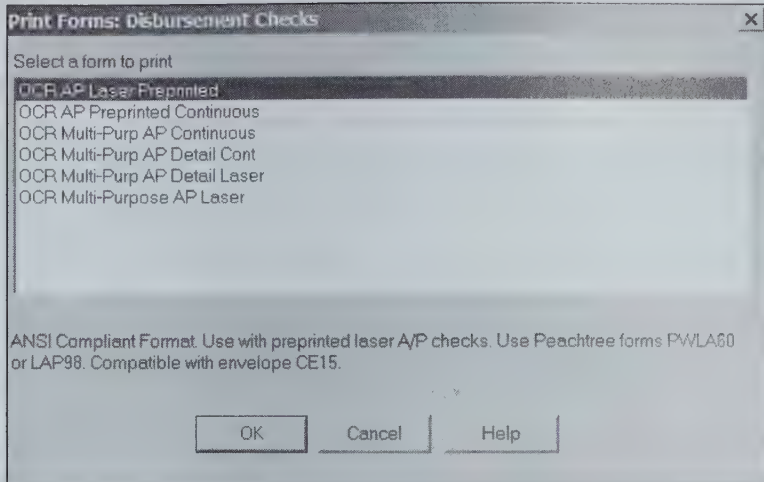


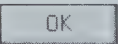
2. Click .
3. Type **3030** in the First check number field.

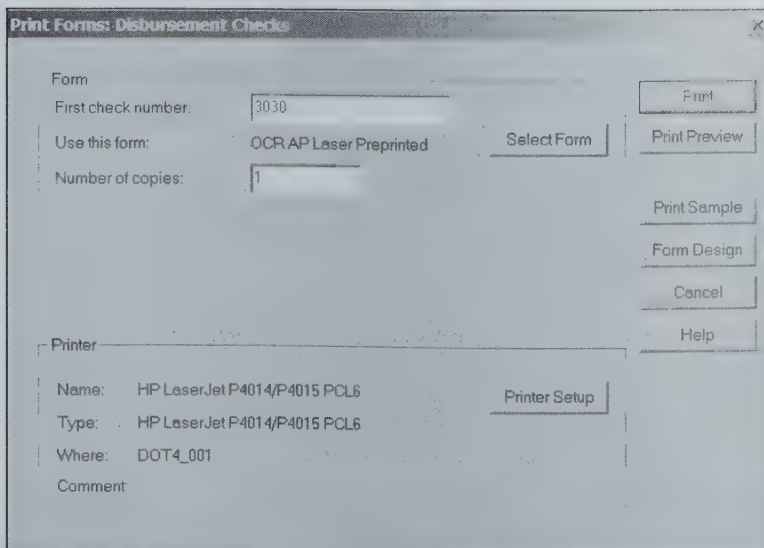
### Comment


Step 4 instructs you to select OCR AP Laser Preprinted as the form to print. If this form does *not* print, select another one. The form you select is tied to the kind of printer you are using. Depending on your printer, you may need to make a different selection.

4. The Print Forms: Disbursement Checks window appears. Click . Then select OCR AP Laser Preprinted to highlight it.



5. Click .
6. The Print Forms: Disbursements Checks window appears. The Use this form field shows OCR AP Laser Preprinted; the First Check Number shows 3030. (*Hint: The check number, 3030, was entered on page 470, step 3.*)




7. Peachtree automatically sequences check numbers after the first one is entered. Click . The check starts to print.

Dennis Allen		Check Number	3030				
		Check Date	Jan 24 2011				
		Check Amount	\$160.00				
		Discount Taken					
		Amount Paid	160.00				
<table border="1"> <thead> <tr> <th>Item to be Paid - Description</th> <th></th> </tr> </thead> <tbody> <tr> <td>Maintenance Expense</td> <td></td> </tr> </tbody> </table>				Item to be Paid - Description		Maintenance Expense	
Item to be Paid - Description							
Maintenance Expense							
		Check Number	3030				
			Jan 24, 2011				
Memo			160.00				
One Hundred Sixty and 00/100 Dollars							
Dennis Allen							

### Comment

If your check does not show the same amount, go back to the Write Checks window

and click . Double-click Check No. 3030, 1/24/2011; the Write Checks window appears. Make the necessary corrections. When you reprint Check No. 3030, Duplicate will be shown on the printout.

After you print a check, the Write Checks window is ready for another payment. Remember, the check form that you select is tied to the kind of printer you are using. If necessary, select a different form to print.

8. Record the additional payments shown below. Since you are *not* going to print Check Nos. 3031-3035, type the appropriate check number in the Check Number field on the Write Checks window.



Date

Transaction Description

01/24/11 Samantha's Service Merchandise issued Check No. 3031 in the amount of \$41.00 to the U.S. Post Office  
(Hint: Since you are not going to print checks, type Check No. **3031** in the Check Number field. Click



after each entry.)

01/24/11 Issued Check No. 3032 in the amount of \$107.65 to Boulevard Office Supplies for letterhead paper, envelopes, and note pads. (Debit Account No. 75500, Supplies Expense.)

01/24/11 Issued Check No. 3033 in the amount of \$72.14 to SMI Phone Co.

01/25/11 Issued Check No. 3034 to Lonnie Crosby for \$500.

01/25/11 Issued Check No. 3035 to Samantha Currier for \$500.



9. Click to see if you have issued Check Nos. 3030 through 3035.

**Write Checks List**

File Edit Go To Window Help

Close New Open Print Settings Refresh Send To

Date Range: This Period 01/01/2011 to 01/31/2011

Search for: Enter Search Text in Vendor ID Clear Search

Vendor ID	Check No.	Period	Date
	3031	1	1/24/2011
	3032	1	1/24/2011
	3033	1	1/24/2011
	3034	1	1/25/2011
	3035	1	1/25/2011

**Tasks**


- View all purchase orders
- View all purchases
- View all vendors
- View all vendor credit memos

**Reports**

- Aged Payables
- Cash Requirements
- Check Register
- Job Ledger
- Vendor Ledgers
- Vendor Transaction History

**Vendors & Purchases**

Checks Listed: 6

10. If you have any transactions to edit, highlight the line. Double-click. When the Write Checks window appears, make the necessary corrections. Remember to click  for any revised transactions. If no corrections are needed, close the Write Checks List window.
11. Close the Write Checks window and the Write Checks List window.

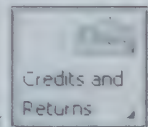
### PURCHASE RETURNS: CREDITS & RETURNS

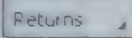
Sometimes it is necessary to return merchandise that has been purchased from a vendor. When entering a purchase return, you need to record it as a vendor credit memo.

The following transaction is for merchandise returned to a vendor:

<i>Date</i>	<i>Transaction Description</i>
01/25/11	Returned one roll of vinyl flooring to Lester Lee Products. Invoice 90 and paid the invoice on the same day.

Follow these steps to enter a purchase return:



1. From the Vendors & Purchases Navigation Center, click  New Vendor Credit Memo. The Vendor Credit Memos window appears.
2. In the Vendor ID field, select Lester Lee Products.
3. Type **25** in the Date field.
4. Type **VCM90** in the Credit No field. For the credit number you are using the abbreviation VCM for Vendor Credit Memo, then the invoice number.
5. The Apply to Invoice No. tab is selected. Click on the down-arrow to select 90.

Apply to Invoice No.: 

Observe that the Item, Quantity, Description, GL Account, and Unit Price fields are completed.

6. Type **1** in the Returned field; Press <Enter>. After you type 1 in the Returned field, the Amount field shows 54.00. Also, notice that the Credit Applied to Invoice shows 54.00. This agrees with the Credit Total.

Vendor Credit Memos

File Edit Go To Window Help

Close New List Save Delete Return Note Journal Reports Help

Vendor ID: LLP07

Remit to: Lester Lee Products  
2137 School Street  
San Diego, CA 97022 USA

Date: Jan 25, 2011  
Credit to: VCM001

Terms: Net 30 Return authorization: 30 A/P account: 20000


Apply to Invoice No.: 90 Apply to Purchases: 0.00

Item	Quantity	Returned	Description	GL Account	Unit Price	Amount
003floor	8.00	1.00	Flooring	12000	54.00	54.00

Other applied payments: 0.00  
Credit applied to invoice: 54.00

Vendor balance on Jan 25, 2011: 0.00

Journal

7. To see how the vendor credit memo is journalized, click . Notice that Account No. 12000, Merchandise Inventory, is credited for \$54.00 and Account No. 20000, Account Payable, is debited for \$54.00. Compare your Accounting Behind the Screens to the one shown on the next page.

The screenshot shows a window titled "Accounting Behind the Screens" with a menu bar (Cancel, OK, Help). Below the menu bar, the "Date" is set to "Jan 25, 2011" and the "Credit #" is "VCM90". There are two tabs: "Purchases Journal" (selected) and "Cash Disbursements Journal". The "Purchases Journal" tab contains a table with three columns: "Account No.", "Description", and "Credit". The table has four rows. The first row shows "1000" in the "Account No." column, "flooring" in the "Description" column, and "54.00" in the "Credit" column. The second row shows "2000" in the "Account No." column and "Accounts Payable" in the "Description" column. The third and fourth rows are empty.

Account No.	Description	Credit
1000	flooring	54.00
2000	Accounts Payable	

8. Click  to close the Accounting Behind the Screens window.

9. Click  to post, then  the Vendor Credit Memos window.

### Paying a Vendor, Minus a Return of Merchandise

How does the return of merchandise affect the payment to the vendor?  
Follow these steps to pay Invoice No. 90 less the return.

1. From the Vendors & Purchases Navigation Center, select



, Pay Bill. The Payments window appears.

<i>Date</i>	<i>Transaction Description</i>
01/25/11	Samantha's Service Merchandise issued Check No. 3036 to Lester Lee Products in payment of Invoice No. 90 (less the return of merchandise). Print Check No. 3036.

2. In the Vendor ID field, select Lester Lee Products.
3. Type **25** in the Date field. Observe that the Apply to Invoices tab is selected and that the Invoice, 90; Date Due (Feb 19, 2011) and Amount Due 378.00 fields are completed. Samantha's Service Merchandise owes Lester Lee Products \$378 (\$432, original invoice amount, less the \$54 return). Lester Lee Products extends a 2% vendor discount to Samantha's Service Merchandise. Type **7.56** in the Discount field ( $.02 \times 378 = 7.56$ ). Press <Enter> Observe that the Pay box is checked. The payment was calculated as follows:

Jan. 20 Invoice 90	\$432.00
Jan. 25 Less, VCM90	54.00
Jan. 25 Less, Purchase discount	<u>7.56</u>
Total Paid	<u>\$370.44</u>

Compare your Payments window to the one shown below. Make sure that Discount field is shows 7.56 and that the Discount Account field shows Account No. 59500, Purchase Discounts.

Payments

File Edit Go To Window Help

Close New Open Save Print Delete Recv Row Detail Journal Events Reports Attach Help

Electronic payment Samantha's Service Merchandise

Check number: [ ] Date: Jan 25, 2011

Vendor ID: LLP07

Three Hundred Seventy and 44/100 \*\*\*\*\* Dollars \$ [ ]

Pay to the order of: Mail To [ ]

2137 School Street  
Address Line 2 [ ]  
San Diego CA 92022  
USA

Memo: [ ]

Cash account: 10200 Southern Bank

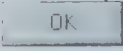
Cash account balance: [ ]


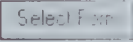

Apply to Invoices: 370.44 Apply to Expenses: 0.00

Invoice	Date Due	Amount Due	Description	Discount	Amount Paid	Pay
90	Feb 19, 2011	378.00		7.56	370.44	<input checked="" type="checkbox"/>

Discount account: 59500



- **Troubleshooting Tip:** What if your Cash Account Balance field does not show an amount? Close the Payments window without saving. Then, from the menu bar, go to Options; Global. A checkmark should be placed next to Recalculate cash balance automatically in Receipts, Payments, and Payroll Entry. If necessary, click on the appropriate field, then . Go back to step 1, on page 476.

4. Click .
5. The Print Forms: Disbursement Checks window displays. Type **3036** in the First Check Number field.
6. The Use this form field shows OCR AP Laser Preprinted. If this selection is *not* made, click , then select OCR AP Laser Printed. Click . Check No. 3036 starts to print. Make sure the check amount is \$370.44.
7. Close the Payments window.
8. Record the following purchase return and payment:

<i>Date</i>	<i>Transaction Description</i>
01/28/11	Returned two curtain rods (001hardware) to James Jarvis Hardware, Invoice No. 78JJ; VCM78JJ. Samantha's Service Merchandise paid \$50 each for the two curtain rods; credit total, \$100.00.
01/28/11	Issued Check No. 3037 to pay James Jarvis Hardware for Invoice No. 78JJ (minus returned merchandise). (Hint: Type the check number in the Check Number field instead of printing it. The discount is 8.00)



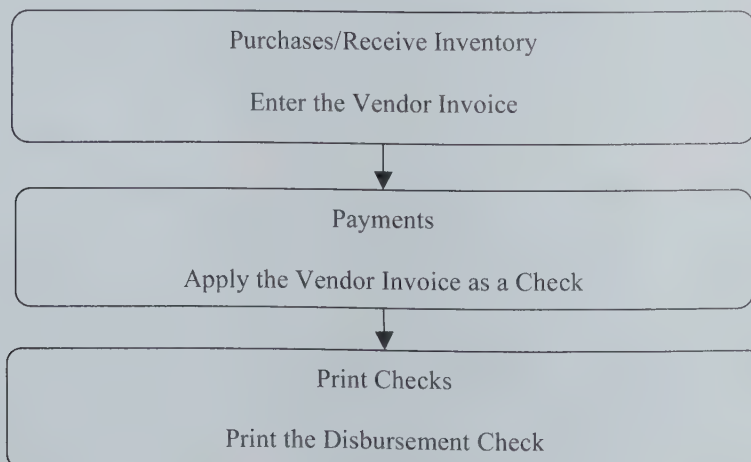
## PAYING SPECIFIC VENDOR INVOICES

Once you have entered a vendor invoice in the Purchases/Receive Inventory window, you can apply payments to specific invoices. You enter the vendor invoice using the Purchases/Receive Inventory window; then when you post, the purchase journal is updated. To pay for the merchandise purchased, you select the specific invoice from the vendor's transaction list. When you print a check, you are also posting to the cash disbursements journal. The journal entry below shows a specific vendor payment.

Account Name	Debit	Credit
Accounts Payable/Ronnie Becker Fabrics	\$120.00	
Purchase Discounts		\$2.40
Southern Bank		\$117.60

You should take advantage of both the Purchases/Receive Inventory and Payments features. Because amounts are disbursed and discounts are tracked automatically, your job is made easier. This also provides a detailed and complete audit trail. An audit trail is the path from the source document to the accounts. (Refer to pages 197-205 for more information about Peachtree's internal controls and audit trail.)

The diagram below shows how Purchases/Receive Inventory works together with Payments.



<i>Date</i>	<i>Transaction Description</i>
01/28/11	Issued Check No. 3038 to Ronnie Becker Fabrics in payment of Invoice No. 210.


Follow these steps to pay vendor invoice 210:

1. From the Payments window, select Ronnie Becker Fabrics as the vendor.
2. If necessary, type **3038** in the Check Number field.
3. Type **28** in the Date field.
4. The Apply to Invoices tab should already be selected. For Invoice No. 210, click on the Pay box.

5. Click  to post.

### Editing Payments

If you have already paid a vendor, you can edit payments. Follow these steps to see what vendors have been paid:

1. Display the Payments window.
2. Click . The Payment List window appears. Compare your Payment List window to the one shown on the next page.

**Payment List**

File Edit Go To Window Help

Close New Open Print Settings Refresh Send To

Date Range: This Period 01/01/2011 to 01/31/2011

Search for: Enter Search Text in Customer/Vendor ID Clear

**Payment List**

	Customer/Vendor ID	Check No.	Period	Amount
<b>Tasks</b>				
View all purchase orders		3031	1	\$42.00
View all purchases		3032	1	\$107.65
View all vendors		3033	1	\$72.14
View all vendor credit memos		3034	1	\$500.00
		3035	1	\$111.00
	LLP07	3036	1	\$370.44
	JH06	3037	1	\$392.90
	RBF08	3038	1	\$117.60
<b>Reports</b>				
Aged Payables				
Cash Requirements				
Check Register				
Job Ledger				
Vendor Ledgers				
Vendor Transaction History				

Vendors & Purchases

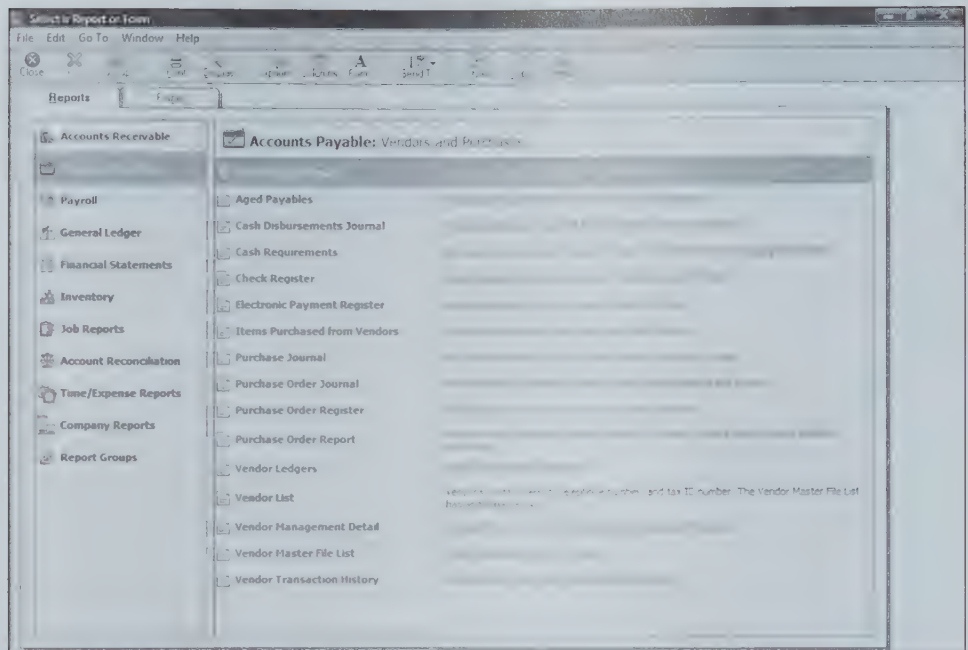
Payments Listed: 9

- If you need to edit a payment, double-click on the appropriate one.  
Or, if no corrections are needed, close the Payment List window.
- Make any necessary changes, then post.
- When you are finished close the Payments window.

## PRINTING THE PURCHASE JOURNAL AND CASH DISBURSEMENTS JOURNAL

Observe that the Vendors & Purchases Navigation Center shows the following sections.

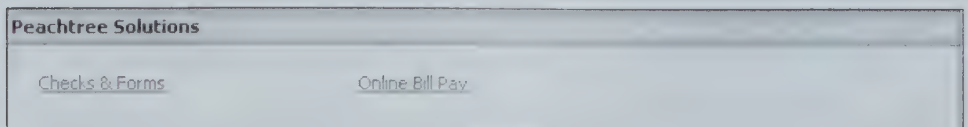
- Vendors & Purchases Tasks: The flowchart that shows the Peachtree's accounts payable system.
- Vendors: Each vendor is shown. You can link to individual vendors or View Detailed List.
- Recently Used Vendor Reports: You can link to view or print vendor reports from this section or View All Vendor & Purchases Reports.



- **Aged Payables:** From this section, graphs or tables may be viewed.



- **Peachtree Solutions:** Checks and Forms and Online Bill Pay are available through third party vendors who supply checks and online services to Peachtree.



1. From the Recently Used Vendor Reports area, go to the Purchase Journal Print or View link.



2. If you selected **Print**, the **Modify Report - Purchase Journal** window appears. Click . (Hint: If you selected **View**, the **Purchase Journal** appears.)
3. The **Print** window appears. Click .

<b>Samantha's Service Merchandise</b> <b>Purchase Journal</b> <b>For the Period From Jan 1, 2011 to Jan 31, 2011</b> <small>Filter Criteria includes: 1) Includes Drop Shipments Report order is by Date, Report is printed in Detail Format</small>					
Date	Account ID Account Description	Invoice/CM #	Line Description	Debit Amount	Credit Amount
1/3/11	12000 Merchandise Inventory 20000 Accounts Payable	56JJ	restoration hardware  James Jarvis Hardware	300.00	300.00
1/20/11	12000 Merchandise Inventory 20000 Accounts Payable	210	wall coverings  Ronnie Becker Fabrics	100.00	100.00
1/20/11	12000 Merchandise Inventory 20000 Accounts Payable	78JJ	restoration hardware  James Jarvis Hardware	500.00	500.00
1/20/11	12000 Merchandise Inventory 20000 Accounts Payable	90	flooring  Lester Lee Products	422.00	422.00
1/25/11	12000 Merchandise Inventory 20000 Accounts Payable	VCM90	flooring  Lester Lee Products	54.00	54.00
1/28/11	12000 Merchandise Inventory 20000 Accounts Payable	VCM78JJ	restoration hardware  James Jarvis Hardware	100.00	100.00
				<b>1,506.00</b>	<b>1,506.00</b>

4. To print the Cash Disbursements Journal, close the Purchase Journal. Link to Print (or View) for the Cash Disbursements Journal.

<b>Samantha's Service Merchandise</b> <b>Cash Disbursements Journal</b> <b>For the Period From Jan 1, 2011 to Jan 31, 2011</b> <small>Filter Criteria includes Report order is by Date Report is printed in Detail Format</small>					
Date	Check #	Account ID	Line Description	Debit Amount	Credit Amount
1/24/11	3030	70000 10200	Maintenance Expense Dennis Allen	160.00	160.00
1/24/11	3031	73500 10200	Postage Expense U.S. Post office	41.00	41.00
1/24/11	3032	75500 10200	Supplies Expense Boulevard Office Supplies	107.65	107.65
1/24/11	3033	76000 10200	Telephone Expense SMI Phone Co	72.14	72.14
1/25/11	3034	39007 10200	Lonnie Crosby, Drawing Lonnie Crosby	500.00	500.00
1/25/11	3035	39009 10200	Samanta Currier, Drawing Samantha Currier	500.00	500.00
1/25/11	3036	59500 20000 10200	Discounts Taken Invoice: 90 Lester Lee Products	370.44	7.56
1/28/11	3037	59500 20000 10200	Discounts Taken Invoice: 78JJ James Jarvis Hardware	392.00	8.00
1/28/11	3038	59500 20000 10200	Discounts Taken Invoice: 210 Ronnie Becker Fabrics	117.60	2.40
Total				2,278.79	2,278.79

### Comment

Observe that the Line Description on the Cash Disbursements Journal shows the account name (e.g. Account No. 70000, Maintenance Expense) for the debit amount. The person to whom the check was written (e.g. Dennis Allen) is shown for the amount credited. Your Line Description fields may differ.

## VENDOR LEDGERS

Follow these steps to print a Vendor Ledger for Samantha's Service Merchandise.

1. From the Recently Used Vendor Reports area, link to View All Vendor & Purchases Reports. The Select a Report or Form window appears.

2. Double-click Vendor Ledgers then make the selections to print.

Samantha's Service Merchandise Vendor Ledgers For the Period From Jan 1, 2011 to Jan 31, 2011							
Filter Criteria includes: Report order is by ID.							
Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
JJH06	1/3/11	56JJ	PJ			300.00	300.00
James Jarvis Hardware	1/20/11	78JJ	PJ	*		500.00	800.00
	1/28/11	VCM78JJ	PJ	*	100.00		700.00
	1/28/11	3037	CDJ		8.00	8.00	690.00
	1/28/11	3037	CDJ		400.00		290.00
LLP07	1/20/11	90	PJ	*		432.00	432.00
Lester Lee Products	1/25/11	VCM90	PJ	*	54.00		378.00
	1/25/11	3036	CDJ		7.56	7.56	370.44
	1/25/11	3036	CDJ		378.00		0.00
RBF08	1/20/11	210	PJ	*		120.00	120.00
Ronnie Becker Fabrics	1/28/11	3038	CDJ		2.40	2.40	117.60
	1/28/11	3038	CDJ		120.00		0.00
Report Total					1,069.96	1,369.96	300.00

3. Close the Vendor Ledgers.

## PRINTING THE GENERAL LEDGER TRIAL BALANCE


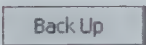
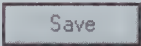
1. In the Reports list, highlight General Ledger. Then, select General Ledger Trial Balance.
2. Make the selections to print. Compare your printout with the one shown on the next page.


Samantha's Service Merchandise General Ledger Trial Balance As of Jan 31, 2011			
Filter Criteria includes Report order is by ID Report is printed in Detail Format			
Account I	Account Description	Debit Amt	Credit Amt
10200	Southern Bank	71,239.17	
10400	Wells Savings & Loan	20,000.00	
12000	Merchandise Inventory	28,938.00	
13000	Supplies	1,750.00	
14000	Prepaid Insurance	2,400.00	
15000	Furniture and Fixtures	5,000.00	
15100	Computers & Equipment	7,500.00	
15500	Building	100,000.00	
20000	Accounts Payable		300.00
27000	Long-Term Notes Payable		20,500.00
27400	Mortgage Payable		75,000.00
39006	Lonnie Crosby, Capital		71,195.00
39007	Lonnie Crosby, Drawing	5,000.00	
39008	Samanta Currier, Capital		71,195.00
39009	Samanta Currier, Drawing	5,000.00	
59500	Purchase Discounts		17.96
70000	Maintenance Expense	10.00	
73500	Postage Expense	41.00	
75500	Supplies Expense	1,750.00	
76000	Telephone Expense	18.00	
Total:		238,297.96	238,297.96

3. Close all windows.

## BACKING UP CHAPTER 12 DATA


Follow these steps to back up Chapter 12 data.

1. From the Navigation Bar, select ; link to Back up.
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 12** in the File name field.
4. Click .


5. When the window prompts that This company backup will require approximately 7.29MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 12.
6. Continue or click File; Exit to exit Peachtree.

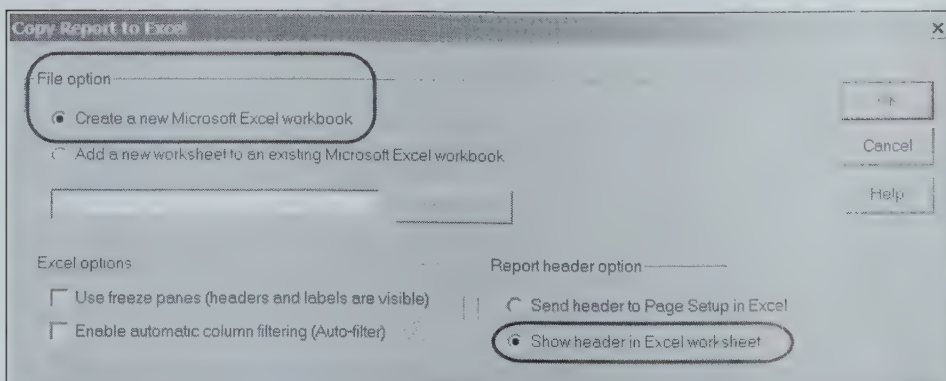
## EXPORT REPORTS TO EXCEL

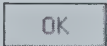
Follow these steps to export the following Peachtree reports to Excel: Chart of Accounts, Purchase Journal, Cash Disbursements Journal, Vendors Ledgers, General Ledger Trial Balance.

1. From the menu bar, select Reports & Forms, select General Ledger. Double-click Chart of Accounts. The Chart of Accounts appears.  
Expand the Account Description column. (Click  to widen the column.)



2. Click . On the Copy Report to Excel window, accept the default for Create a new Microsoft Excel workbook. In the Report header option field, Show header in Excel worksheet is selected.



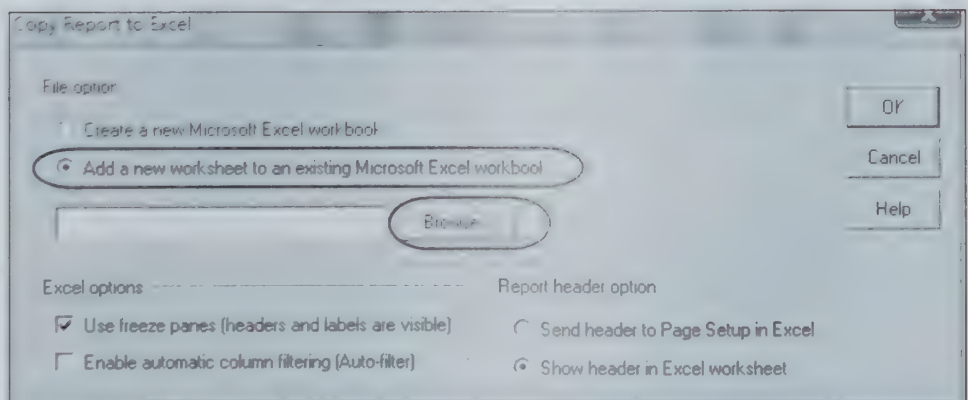
3. Click . The chart of accounts exports to Excel.

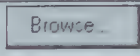
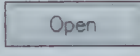



4. Save. Use the file name **Chapter 12\_CofA\_PJ\_CDJ\_VL\_GLTB.xlsx**. (Abbreviations are Chart of Accounts, Purchase Journal, Cash Disbursements Journal, Vendor Ledgers, and General Ledger Trial Balance.)
5. Go back to Peachtree's Select a Report or Form window. In the Reports list, select Accounts Payable. Double-click Purchase Journal.



6. Click . On the Copy Report to Excel window, select Add a new worksheet to an existing Microsoft Excel workbook.



7. Click  to go to the appropriate file. (Hint: File name is Chapter 12\_CofA\_PJ\_CDJ\_VL\_GLTB.xlsx.) Click . You are returned to the Copy Report to Excel window. Observe that the Browse field shows the location of the file selected. Click .
8. Observe that two sheets are shown at the bottom of the Excel file: Chart of Accounts and Purchase Journal. Save the file.
9. Repeat steps 5, 6, 7, and 8 to export the Cash Disbursements Journal, Vendor Ledgers, and General Ledger Trial Balance to the Excel File. There should be five sheets: Chart of Accounts, Purchase Journal, Cash Disbursements Journal, Vendor Ledgers, and General Ledger Trial Balance. When you are through, the Excel file has five sheets.

## 10. Save. Exit Excel.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 12. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 3 Internet Activities for Chapter 12-15. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	Complete the ACCOUNTING LIST – Chapter 12 exercise. Read steps 1–4.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

**SUMMARY AND REVIEW**

Complete the following end-of-chapter activities:

1. Going to the net, page 489-490.
2. True/Make true questions, pages 490-492.
3. Exercises 12-1 and 12-2, 493-500.
4. Assessment rubric, pages 500-501.
5. Analysis question, page 501.
6. Chapter 12 Index, page 502.

**GOING TO THE NET**

Watch videos at <http://www.peachtree.com/productsServices/whatsNew/>. Link to [Watch the Short Video](#) Let Ellie walk you through some of the new features of Sage Peachtree 2011. (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 12.) Answer the questions on the next page.

1. Why did Ellie's small business upgrade to Peachtree 2011?
2. In Ellie's video, what specific feature is shown that controls multiple jobs, bills customers for services, and controls inventory?

The website <http://www.peachtree.com/productsServices/whatsNew/> also includes additional videos in the Sage Peachtree Product Features list. Watch those videos too.

**True/Make True:** Write the word True in the space provided if the statement is true. If the statement is not true, write the correct answer.

1. Accounts Payable is money you pay to customers.

---

---

2. Vendor default information needs to be set up to establish the criteria used when computing vendor discounts.

---

---

3. Each time you use the Write Checks window, you are journalizing in the Cash Disbursements Journal.

---

---

4. The purchase discount offered to Samantha's Service Merchandise from their vendors is 2% 10, Net 30 Days

---

---

5. Each time you use the Payments window, you are journalizing in the Purchases Journal.

---

---

6. The merchandise that Samantha's Service Merchandise buys from Ronnie Becker Fabrics is classified as wall coverings.

---

---

7. The detailed types list includes chart of accounts numbers with five digits.

---

---

8. The Maintain Vendors window is used to enter information about vendors from whom you purchase merchandise.

---

---

---

9. All accounting software applications, regardless of the size of the company, are the same.

---

---

---

10. Each accounting software application (for example, Peachtree, QuickBooks, and Microsoft Dynamics GP) has a unique system design.

---

---

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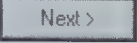

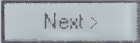
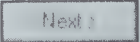
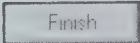


**Exercise 12-1:** Follow the instructions below to complete Exercise 12-1.

1. Start Peachtree. From the menu bar, select File; New Company. (One company should be open.) Set up a retail business using *your first and last name*; for example, *Your Name Sales & Service*. For the address, use 1005 Oak Street; Norcross, GA 30010; telephone, 404-555-3203; Fax, 404-555-1734. Your company is a Sole Proprietorship. For the Tax ID information, use the following:

Federal Employer ID: 23-8173340  
State Employer ID: 52-5198733  
State Unemployment ID: 525430-2

Leave the Web Site and E-mail address fields blank.

2. At the New Company – Setup; Chart of Accounts window, select Copy settings from an existing Peachtree Accounting company.
3. Highlight Samantha's Service Merchandise (or, your name Service Merchandise), then click .
4. Observe that the information on the Copy Company Information window includes a selection for Accounting Periods. Since this company is using the same accounting period (January 1 - 31, 2011) as Samantha's Service Merchandise, leave that box checked. To enter a different accounting period, click on the Accounting Periods field to uncheck it. For purposes of Exercise 12-1 accept all the defaults on the Copy Company Information window by clicking on .
5. Read the information about the Accounting Method. Accept the default for accrual accounting by clicking on .
6. Accept the default for Real Time posting by clicking on .
7. At the Create a New Company – Finish window, click .

8. Close the Setup Guide. (*Hint: Click on the box next to Don't show this screen at startup to place a checkmark in it.*)
9. Make sure the Period shows Period 1 - 01/01/11-01/31/11

### General Ledger

1. Delete the following accounts:

3900A Owner's Draw  
 40400 Sales-Floor

Change the following accounts:

10200	Southern Bank	First Bank
10400	Wells Savings & Loan	Norcross Savings & Loan
39009	Owner's Contribution	Student Name, Capital (Equity—doesn't close)
40200	Sales-Wall	Sales-Tools
50500	Cost of Sales-Wall	Cost of Sales-Tools
57000	Cost of Sales-Floor	Cost of Sales

Add the following account:

**39010 Student Name, Drawing** Equity-gets closed

2. Use the Balance Sheet to record chart of accounts beginning balances. You purchased the retail business in December 2010. Remember to select the period From 12/1/10 through 12/31/10. Record beginning balances as of December 31, 2010.

The January 1, 2011 balance sheet is shown on the next page.


Student Name Sales & Service Balance Sheet January 1, 2011		
ASSETS		
Current Assets		
10200 - First Bank	\$62,500.00	
10400 - Norcross Savings & Loan	12,300.00	
12000 - Merchandise Inventory	14,750.00	
13000 - Supplies	1,000.00	
14000 - Prepaid Insurance	2,400.00	
Total Current Assets		\$92,950.00
Property and Equipment		
15000 - Furniture and Fixtures	\$3,500.00	
15100 - Computers & Equipment	5,500.00	
15500 - Building	85,000.00	
Total Property and Equipment		\$94,000.00
Total Assets		<u>\$186,950.00</u>
LIABILITIES AND CAPITAL		
Long Term Liabilities		
27000 - Long-Term Notes Payable	10,000.00	
27400 - Mortgage Payable	60,000.00	
Total Long-Term Liabilities		\$70,000.00
Capital		
39009 - Student Name, Capital		116,950.00
Total Liabilities and Capital		<u>\$186,950.00</u>

3. Print the chart of accounts.
4. Print the balance sheet.
5. Back up. The suggested file name is **Exercise 12-1 Starting Balance Sheet.ptb**.

## Accounts Payable

Follow the instructions below to set up vendor information.




1. From the Vendors & Purchases Navigation Center, click ; Set up Vendor Defaults. Make sure the following defaults are set. If not, set them up.

Standard Terms:	Due in number of days
Net due in:	30 days
Discount in:	10 days
Discount %:	2.00
Credit Limit:	10,000.00

### *GL Link Accounts:*

Expense Account:	12000 Merchandise Inventory
Discount GL Account:	59500 Purchase Discounts



2. Click ; New Vendor. Set up the following vendors:

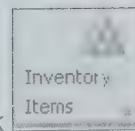
a. Vendor ID:	<b>CPT12</b>
Name:	<b>Cal Phelps Tools</b>
Contact:	<b>Cal Phelps</b>
Mailing Address:	<b>5543 Orange Street</b>
City, ST Zip	<b>Phoenix, AZ 85120</b>
Country:	<b>USA</b>
Vendor Type:	<b>tools</b>
1099 Type:	<b>select Independent Contractor</b>
Expense Account:	<b>12000 Merchandise Inventory</b>
Telephone 1:	<b>602-555-8912</b>
Fax:	<b>602-555-7893</b>
E-mail:	<b>info@calphelps.com</b>
Web Site:	<b>www.calphelps.com</b>

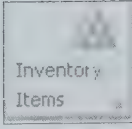
*Purchase Info:*Tax ID Number: **24-4314488**

- b. Vendor ID: **SJH14**  
Name: **Sally Jacobson Hardware**  
Contact: **Sally Jacobson**  
Mailing Address: **8713 Melrose Avenue**  
City, ST Zip: **Los Angeles, CA 90046**  
Country: **USA**  
Vendor Type: **hardware**  
1099 Type: **select Independent Contractor**  
Expense Account: **12000 Merchandise Inventory**  
Telephone 1: **310-555-1289**  
Fax: **310-555-1290**  
E-mail: **info@jacobsonhardware.net**  
Web Site: **www.jacobsonhardware.net**

*Purchase Info:*Tax ID Number: **26-2597441****Inventory**

Follow these steps to set up inventory defaults:



1. From the Inventory & Services Navigation Center, click , Set Up Inventory Defaults.
2. Select the GL Accts/Costing tab. If necessary, set up Average as the inventory costing method (Stock item, Master Stock item, Assembly).
3. If necessary, select Account No. 45500, Shipping Charges. This GL Link is for Freight Charges in Sales/Invoicing.





4. Click ; New Inventory Item. Set up the following inventory stock items:

- |    |                        |                                       |
|----|------------------------|---------------------------------------|
| a. | Item ID:               | <b>002tools</b>                       |
|    | Description:           | <b>tools</b>                          |
|    | Item Class:            | select Stock item                     |
|    | Description for Sales: | <b>tools</b>                          |
|    | Price Level 1:         | <b>85</b>                             |
|    | Last Unit Cost:        | <b>30</b>                             |
|    | Cost Method:           | Average                               |
|    | GL Sales Acct:         | <b>40200 Sales-Tools</b>              |
|    | GL Inventory Acct:     | <b>12000 Merchandise Inventory</b>    |
|    | GL Cost of Sales Acct: | <b>50500 Cost of Sales-Tools</b>      |
|    | Item Type:             | <b>tools</b>                          |
|    | Stocking U/M:          | <b>each</b>                           |
|    | Minimum Stock:         | <b>10</b>                             |
|    | Reorder Quantity:      | <b>4</b>                              |
|    | Vendor ID:             | <b>CPT12, Cal Phelps Tools</b>        |
| b. | Item ID:               | <b>003hardware</b>                    |
|    | Description:           | <b>hardware</b>                       |
|    | Item Class:            | select Stock item                     |
|    | Description for Sales: | <b>copper hardware</b>                |
|    | Price Level 1:         | <b>150</b>                            |
|    | Last Unit Cost:        | <b>50</b>                             |
|    | Cost Method:           | Average                               |
|    | GL Sales Acct:         | <b>40000 Sales-Hardware</b>           |
|    | GL Inventory Acct:     | <b>12000 Merchandise Inventory</b>    |
|    | Cost of Sales Acct:    | <b>50000 Cost of Sales-Hardware</b>   |
|    | Item Type:             | <b>hardware</b>                       |
|    | Stocking U/M:          | <b>each</b>                           |
|    | Minimum Stock:         | <b>10</b>                             |
|    | Reorder Quantity:      | <b>4</b>                              |
|    | Vendor ID:             | <b>SJH14, Sally Jacobson Hardware</b> |

5. Click on Beginning Balances. Record the beginning balances shown on the next page.

<i>Item ID</i>	<i>Description</i>	<i>Quantity</i>	<i>Unit Cost</i>	<i>Total Cost</i>
002tools	tools	175	30	5,250.00
003hardware	hardware	190	50	9,500.00



6. Click .

7. Back up. The suggested file name is **Exercise 12-1.ptb**.

**Exercise 12-2:** Follow the instructions below to complete Exercise 12-2. Exercise 12-1 *must* be completed before starting Exercise 12-2.

1. If necessary, restore the Exercise 12-1.ptb file.<sup>4</sup>
2. Journalize and post the following transactions and print each check.
  - 01/3/11 Invoice No. 480CP was received from Cal Phelps Tools for the purchase of 10 tool kits for a unit cost of \$30.
  - 01/5/11 Invoice No. SJH52 was received from Sally Jacobson Hardware for the purchase of 8 hardware sets at a unit cost of \$50.
  - 01/6/11 Returned two tool kits to Cal Phelps Tools, Invoice No. 480CP. Paid \$30 for each tool kit; VCM480CP.
  - 01/10/11 Issued First Bank Check No. 2020 to pay Sally Jacobson Hardware for Invoice No. SJH52. (*Hint: Type the check number, 2020, in the Check Number field.*)
  - 01/10/11 Issued Check No. 2021 to pay Cal Phelps Tools for merchandise purchased on January 3, less the January 6 return, Invoice No. 480CP. (*Hint: Remember to calculate, then type the correct discount amount in the Discount field.*)

<sup>4</sup>You can restore from your back up file even if *no* Peachtree company exists. From Peachtree's start up window, select File; Restore. Select the location of your backup file. On the Restore Wizard's Select Company window, select A New Company. The A New Company selection allows you to restore your backup data, bypassing the process of new company set up. For more information, refer to Troubleshooting on pages 302 and 303.

- 01/13/11 Issued Check No. 2022 to Sarah Carson for \$125 for cleaning and maintenance.
  - 01/14/11 Issued Check No. 2023 to the U.S. Post Office for \$41.
  - 01/14/11 Issued Check No. 2024 to Valley Office Supplies for \$145.72 for cell phone. (Debit Account No. 71000, Office Expense.)
  - 01/14/11 Issued Check No. 2025 to Eastern Telephone for \$46.65 to pay the telephone bill.
  - 01/26/11 Issued Check No. 2026 to the owner of the business for \$400.
- 3. Print the Purchase Journal.
  - 4. Print the Cash Disbursements Journal.
  - 5. Print the Vendor Ledgers.
  - 6. Print the General Ledger Trial Balance.

**Check Your Figures:**

10200, First Bank:	\$61,114.13
12000, Merchandise Inventory	15,390.00
20000, Accounts Payable	0.00
59500, Purchase Discounts	12.80

- 7. Back up. The suggested file name is **Exercise 12-2.ptb**.
- 8. Export the following reports to Excel – Chart of Accounts, Purchase Journal, Cash Disbursements Journal, Vendor Ledgers, and General Ledger Trial balance. The suggested file name is **Exercise 12-2\_CofA\_PJ\_CDJ\_VL\_GLTB.xlsx**.

**ASSESSMENT RUBRIC**

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 12, Assessment Rubric link. To review Peachtree's navigation centers, menu selections, and windows, complete the blank fields online.

---

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
1/3	Invoice No. 480CP was received from Cal Phelps Tools for the purchase of 10 tool kits for a unit cost of \$30.			
1/6	Returned two tool kits to Cal Phelps Tools, Invoice No. 480CP. Paid \$30 for each tool kit: VCM480CP0.			
1/10	Issued Check No. 2021 to Cal Phelps Tools for merchandise purchased on January 3, less the January 6 return, Invoice No. 480CP.			

### ANALYSIS QUESTION

What is the balance in the Accounts Payable account, Samantha's Service Merchandise? Why? (*Hint:* Remember, analysis questions refer to the company set up within the chapter, not the company set up in Exercise 12-1.)

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**LEARNING OBJECTIVES**

1. Restore data from Chapter 12. (This backup was made on pages 486-487.)
2. Set up customer default information.
3. Set up sales tax information.
4. Set up customer maintenance information.
5. Record credit sales, cash sales, and sales returns.
6. Record customer receipts, partial payments, and edit invoices.
7. Export reports to Excel.
8. Complete the Internet Activity at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
9. Make four backups and save two Excel files.<sup>1</sup>

In Chapter 12, you learned how to use PCA's Purchases/Receive Inventory and Payments features. Now that you have purchased merchandise from vendors, you are ready to sell that merchandise. To do that, you use PCA's Customers & Sales Navigation Center.

In Chapter 3, Customers, when you entered a sales invoice for Bellwether Garden Supply, the unit price, description, account number, and sales taxes were automatically calculated for you. (See pages 115-126.)

Before using the Sales/Invoicing window, you need to set up customer defaults, sales tax information, and customer maintenance information. After you set up these defaults, PCA will use this information when you record a sale.

Chapter 13 explains how PCA's accounts receivable system works. **Accounts receivable** are what customers owe your business. Credit transactions from customers are called **accounts receivable transactions**.

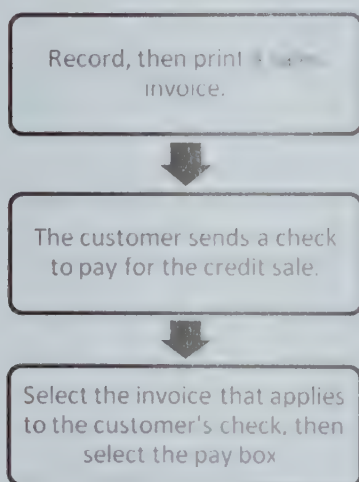
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<sup>1</sup>Refer to the chart on page 432 for file names and the size of backups and Excel files.

Customer receipts work similarly to paying vendor invoices. When a customer pays an existing **invoice** there are two steps:

1. Enter the customer's ID code so that a list of existing invoices for the customer displays.
2. Select the invoice that applies to the customer's check, then select the Pay box.

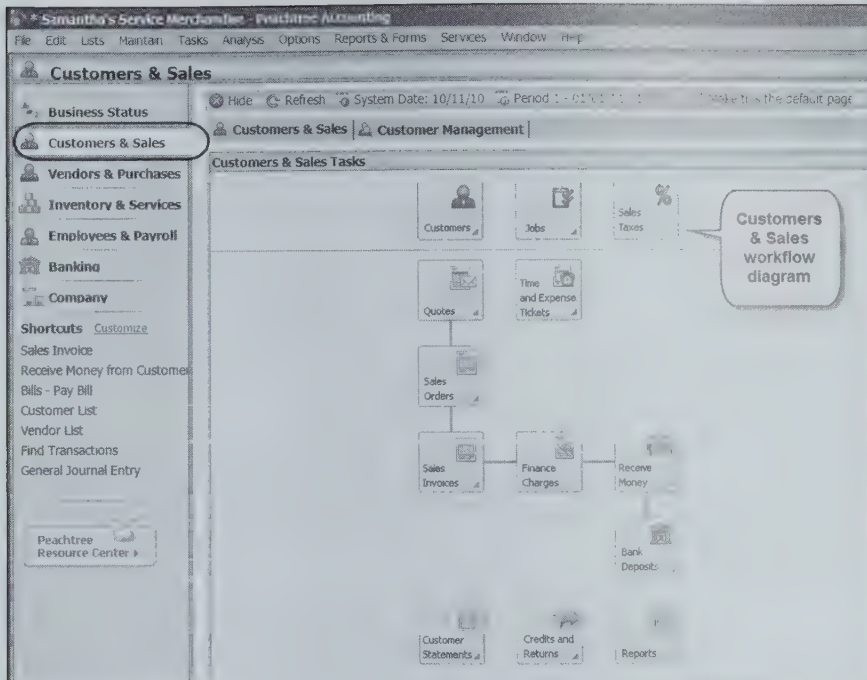
This diagram illustrates PCA's accounts receivable system.



On the Customers & Sales Navigation Center, Peachtree illustrates the accounts receivable system. In Chapter 13, you work with customers, sales invoices, credits and returns, and receipts from customers.

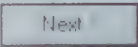
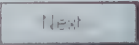
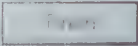
The Customers & Sales Navigation Center (Customers & Sales Navigation Center) shows the flow of customer-related tasks and takes you where you need to go to perform those tasks. In Peachtree, this represents the accounts receivable module or accounts receivable system.


The Customers & Sales workflow diagram is shown on the next page.



## GETTING STARTED

1. Start Peachtree. Open Samantha's Service Merchandise, or if you used a unique name, select it. This company was set up in Chapter 12 on pages 437–441. (*Hint:* If another company opens, click File; Open Previous Company, select Samantha's [your name] Service Merchandise. Open one company.)
2. Follow these steps to restore data from Chapter 12. This file was backed up on pages 486-487.
  - a. From the Company Navigation Center, link to Restore. (If necessary, put external media in the appropriate drive.)
  - b. The Select Backup File window appears. (If necessary, click . In the Look in field, select the appropriate location of the Chapter 12.ptb file.) Make sure the Location field on the Select Backup File window shows the Chapter 12.ptb file. Click .

- c. The Select Company window appears. The radio button next to An Existing Company is selected. Check that the Company Name and Location fields are correct. Click .
- d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
- e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored.
- f. If necessary, remove the external media.

 To make sure you are starting in the appropriate place in the data (Chapter 12.ptb backup) display the General Ledger Trial Balance.

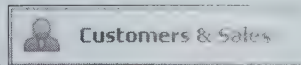
Samantha's Service Merchandise General Ledger Trial Balance As of Jan 31, 2011			
Filter Criteria includes: Report order is by ID Report is printed in Detail Format			
Account I	Account Description	Debit Amt	Credit Amt
10200	Southern Bank	71,239.17	
10400	Wells Savings & Loan	20,000.00	
12000	Merchandise Inventory	28,938.00	
13000	Supplies	1,750.00	
14000	Prepaid Insurance	2,400.00	
15000	Furniture and Fixtures		
15100	Computers & Equipment		
15500	Building	100,000.00	
20000	Accounts Payable		300.00
27000	Long-Term Notes Payable		20,500.00
27400	Mortgage Payable		75,000.00
39006	Lonnie Crosby, Capital		71,195.00
39007	Lonnie Crosby, Drawing	500.00	
39008	Samanta Currier, Capital		71,195.00
39009	Samanta Currier, Drawing	500.00	
59500	Purchase Discounts		17.96
70000	Maintenance Expense	160.00	
73500	Postage Expense	41.00	
75500	Supplies Expense	107.65	
76000	Telephone Expense	72.14	
	<b>Total:</b>	<b>238,207.96</b>	<b>238,207.96</b>

This is the same trial balance shown in Chapter 12 on page 486.

## Setting Up Customer Defaults

In Chapter 12, you entered General Ledger, Accounts Payable, and Inventory Item defaults. The directions that follow show how to enter customer defaults.

1. From the Navigation Bar, select



Set Up Customer Defaults. The Customer Defaults window appears.

2. If necessary, click on the Discount % field. Type **0** (zero) in the Discount % field, then press **<Enter>**. Samantha's Service Merchandise does *not* offer a discount to its credit customers.
3. If necessary, type **2500** in the Credit Limit field, press **<Enter>**.
4. Accept the default for GL Sales Account 40000, Sales-Hardware by pressing **<Enter>**. (When you set up individual customers, you will select a GL Sales Account for that customer.)
5. Accept the default for Discount GL Account 49000, Sales Discounts by pressing **<Enter>**.



Observe that the default for Standard Terms is Due in number of days.

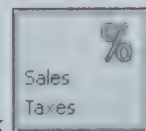
6. Click .

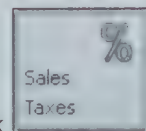
## Setting Up Sales Tax Defaults

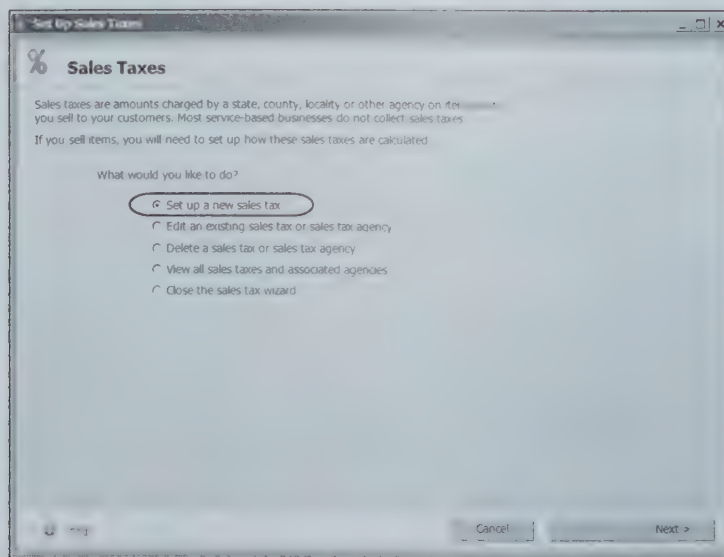
You can enter sales tax default information for these areas:

- Sales Tax Authorities: codes for governments or other tax authorities and their tax rates. These are used to assemble the sales tax codes.
- Sales Tax Codes: the overall rate applied to taxable items on invoices to customers. This is composed of rates entered as Sales Tax Authorities.

Follow these steps to set up sales tax defaults.



1. From the Customers & Sales Navigation Center, click . The Sales Taxes window appears. Set up a new sales tax is the default.



2. Click . The Set Up New Sales Tax window appears.
3. Type **8.00%** in the What is the total rate that you will charge? Press <Enter>. Accept the default for 1 in the How many individual rates make up this total rate? field.

**% Set Up New Sales Tax**

A sales tax is comprised of one or more individual rates for a state, locality, or other taxing agency.

What is the total rate that you will charge?

\* How many individual rates make up this total rate?

Next, you will enter the sales tax agencies that make up this sales tax.

☐ How are sales taxes calculated in my state or locality?

4. Click . The Add Sales Tax Agency window appears.
5. Type **GA** in the Sales tax agency ID field. Press <Enter>.
6. Type **Georgia Dept. of Revenue** in the Sales tax agency name field.
7. Accept the default by single rate in the How are sales taxes calculated for this agency? field.
8. Type **8.00%** in the Rate field. Press <Enter>.

9. Select Account No. 23100, Sales Tax Payable in the Select an account to track sales taxes field. Press **<Enter>**.

**Set Up Sales Taxes**

**Add Sales Tax Agency**

You are usually required to report the taxes you've collected to one or more state, locality, or other taxing agency. Enter the break down here.

**Sales Tax Agency 1 of 1**

Select tax agency:  How do I select an existing agency?

Select an account to track sales taxes:  \* = required field

Cancel < Back Next >

10. Click **Next >**. The Sales Tax Entered window appears.
11. Type **GA** in the Sales Tax ID field. Press **<Enter>**.
12. Type **Georgia sales tax** in the Sales tax name field. Compare your Sales Tax Entered window to the one shown on the next page.

**Set Up Sales Taxes**

**Sales Tax Entered**

You have successfully entered sales tax agencies for this sales tax. Enter an ID and a name, then click **Finish** to save. After you click **Finish**, the sales tax will be effective and can be used on invoices, quotes, and other forms.

\* Sales tax ID:

Sales tax name:

Do you charge sales taxes on freight?

Agency Name	Agency ID	Rate
Georgia Dept. of Revenue	GA	8.000000%

Total tax Rate: 8.000000%

13. Click . The Sales Taxes window appears. To make sure you have set up sales taxes for Samantha's Service Merchandise select **View all sales taxes and associated agencies**. Click .
14. The View All Sales Taxes window appears and shows the sales tax that was set up on pages 508-512. The 8.00% sales tax rate for Georgia is shown. Compare your View All Sales Taxes window with the one shown on the next page.

**Set Up Sales Taxes**

**View All Sales Taxes**

Select a sales tax in the first table below. The associated sales tax agencies appear in the bottom table.

**Sales Taxes**

Sales Tax Name	Sales Tax ID	Rate	Tax Freight
Georgia sales tax	GA	8.000000%	No

**Sales Tax Agencies for Georgia sales tax Sales Tax**

Sales Tax Agency Name	Sales Tax Agency ID	Rate	Vendor	Account
Georgia Dept. of Revenue	GA			231000


Cancel < Back Finish

15. Click . Click  on the title bar to close the Set Up Sales Taxes window.

## Setting Up Customer Maintenance Information

To enter default information about your customers, follow these steps:



1. Select  New Customer. The Maintain Customers/Prospects window appears.
2. Complete the following fields.

Customer ID: **ap001** (Use lowercase letters and zeroes)  
 Name: **Aimee Perkins**  
 Billing Address: **490 Northern Avenue**  
 City, ST Zip: **Atlanta, GA 30326**



Country: **USA**  
 Sales Tax: **Select GA (for Georgia sales tax)**  
 Customer Type: **ATL<sup>2</sup>**  
 Telephone 1: **404-555-1889**  
 Fax: **404-555-1901**  
 E-mail: **ap@atlanta.com**  
 Web Site: **www.atlanta.com/aimee**

The screenshot shows the 'Maintain Customers/Payables' window in Peachtree by Sage Complete Accounting. The 'General' tab is selected, displaying the following information for customer 'Aimee Perkins':

- Name:** Aimee Perkins
- Account number:** (blank)
- Billing address:** 150 Northern Avenue
- City, State, Zip:** Atlanta, GA 30326
- Country:** USA
- Sales tax:** GA
- Telephone 1:** 404-555-1889
- Telephone 2:** (blank)
- Fax:** 404-555-1901
- E-mail:** ap@atlanta.com
- Web site:** www.atlanta.com/aimee

The 'Sales Info' tab is also visible, showing 'Customizable Fields' with options for '1. Second Contact', '2. Reference', '3. Mailing List', and '4. Multiple Sites?'. The 'Copy to Ship Address 1' checkbox is checked.

3. Click on the Sales Info tab.
4. In the GL Sales Acct field, if necessary, select Account No. 40000, Sales-Hardware.

<sup>2</sup>It is important to indicate Customer Type. This groups similar customers together. In this case, customers from Atlanta (ATL) are grouped together.

**Maintain Customers/Prospects**

File Edit Go To Window Help

Close New List Save Save & New Delete Change ID Event Reports Attachments Outlook

**Maintain Customers**

\*Customer ID: ap001

Name: Amee Perkins

General | Contacts | History | Sales Info | Payment & Credit

Sales Defaults

Sales rep: [dropdown]

Min. sales amount: 4

Open PO number: [text field]

Ship via: Airborne [Customize the ship methods](#)

Resale number: [text field]

Pricing level: Price Level 1 [Customize the level names](#)

Form options

☐ Paper form ☐ E-mail

☐ E-mail sales rep when using batch processing to send form

5. Click Save & New.
6. Click on the General tab. Add in the following customers.

**Customer ID:** bb002  
**Name:** Bernice Blair  
**Billing Address:** 1231 14th Street  
**City, ST Zip:** Atlanta, GA 30302  
**Country:** USA  
**Sales Tax:** GA  
**Customer Type:** ATL  
**Telephone 1:** 404-555-0632  
**Fax:** 404-555-3203  
**E-mail:** bernice@mail.com  
**Web Site:** www.mail.com/blair

In the Sales Info tab, select the GL Sales Acct 40200, Sales-Wall for Bernice Blair.

**Customer ID:** dc003  
**Name:** Denise Canto  
**Billing Address:** 3115 Oak Lane  
**City, ST Zip:** Ft. Lauderdale, FL 33074  
**Country:** USA

Sales Tax: Skip this field--see footnote.<sup>3</sup>  
Customer Type: **FL**  
Telephone 1: **954-555-9511**  
Fax: **954-555-9513**  
E-mail: **denise@mail.net**  
Web Site: **www.mail.net/deniseC**

In the Sales Info tab, select the GL Sales Acct 40400 Sales-Floor for Denise Canto.

**Customer ID:** **jp004**  
**Name:** **Judith Piner**  
**Billing Address:** **671 Woodlands Blvd.**  
**City, ST Zip:** **Atlanta, GA 30321**  
**Country:** **USA**  
**Sales Tax:** **GA**  
**Customer Type:** **ATL**  
**Telephone 1:** **404-555-2389**  
**Fax:** **404-555-3290**  
**E-mail:** **piner@atlmail.com**  
**Web Site:** **www.atlmail.com/judith**

In the Sales Info tab, select the GL Sales Acct 40000, Sales-Hardware for Judith Piner.

**Customer ID:** **pm005**  
**Name:** **Perry Murphy**  
**Billing Address:** **601 South Sixth Street**  
**City, ST Zip:** **Atlanta, GA 30310**  
**Country:** **USA**  
**Sales Tax:** **GA**  
**Customer Type:** **ATL**  
**Telephone 1:** **404-555-9412**  
**Fax:** **404-555-9414**  
**E-mail:** **perry@mymail.com**  
**Web Site:** **www.mymail.com/perry**


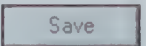
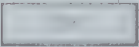
---

<sup>3</sup>Since this customer is out of state, there is no Sales Tax.

In the Sales Info tab, select the GL Sales Acct 40200, Sales-Wall for Perry Murphy. Close the Maintain Customers/Prospects window.

## BACKING UP YOUR DATA

Follow these steps to back up Chapter 13 data:

1. From the Company Navigation Center, link to Back up.
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 13 Begin** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 7.34MB, click on . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 13.

## RECORDING SALES


Two types of sales are entered in PCA:

- Credit sales or invoiced sales—sales where you enter an invoice.
- Cash sales—sales where you do not enter an invoice.

In PCA, all the information about a sale is recorded on the Sales/Invoicing window. Then, PCA takes the necessary information from the window and automatically journalizes the transaction in the **sales journal**. Only sales on account are recorded in the sales journal. You can also print sales invoices.

Cash sales are entered on the Receipts window. Then, PCA takes the necessary information from the window and automatically journalizes the transaction in the **cash receipts journal**.

On the Sales/Invoicing window, enter invoices for the customers stored in PCA's customer file. You entered five credit customers for Samantha's

Service Merchandise. (Click  on the Customers & Tasks Navigation Center to see the customer list.)

Customers			
Customer ID	Customer Name	Phone	Balance
ap001	Aimee Perkins	404-444-4444	\$0.00
bl001	Bernice Blair	404-555-5555	\$0.00
ca001	Denise Canto	404-444-4444	\$0.00
er001	Judith Erner	404-555-5555	\$0.00
mu001	Perry Murphy	404-444-4444	\$0.00

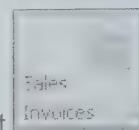
All journal entries made to the Sales Journal (Sales/Invoicing window) are posted both to the General Ledger and to the Customer Ledger or **Accounts Receivable Ledger**. You can apply transactions to inventory items and jobs.


Entering sales works hand in hand with entering receipts. Once an invoice is posted it is simple to show that a customer has paid. Just display the appropriate invoice and click on the Pay box. PCA takes care of all the correct accounting distributions for you.

 **Entering Invoices for Credit Sales** (Remember, the icon means there is a flash video at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).)

In the steps that follow, you record the following transaction:


Date	Transaction Description
01/06/11	Sold two doorknobs on account to Aimee Perkins; \$324 (\$300 plus \$24, sales tax). ( <i>Hint: Doorknobs are classified as hardware.</i> )



1. From the Customers & Sales Navigation Center, select **New Sales Invoice**. The Sales/Invoicing window appears.
2. Your cursor is in the Customer ID field. Click  and select **Aimee Perkins**. PCA supplies the customer default information: billing address, payment terms, GL account default, A/R Account default, and the sales tax code. (*Hint: If the GL Account field and A/R*



*Account field does not display Account Nos. 40000 and 11000, refer step 1, pages xiii-xiv. The Hide General Ledger Accounts boxes should be unchecked.)*

3. Type **6** in the Date field and press <Enter>. Since the invoice is printed later, skip the Invoice # field. When the invoice is printed, PCA automatically numbers the invoices.
4. Click on the Quantity field, type **2** and press <Enter>.
5. In the Item field, click . Select **001hardware** for hardware.
6. In the Description field, type **Two doorknobs** and press <Enter>. Notice that the GL Account,<sup>4</sup> Unit Price, Amount field, A/R Account, and Sales Tax Code are automatically completed.

**Sales/Invoicing**

File Edit Go To Window Help

Close New List Del Save Print Email Delete Recp Flow Note Journal Entry Journal Reports Sales Help

Customer ID: [dropdown]

Bill to: Amee Perkins  
490 Northern Avenue  
Atlanta, GA 30326 USA

Ship to: [dropdown]

Clear [X] Amee Perkins  
490 Northern Avenue  
Atlanta GA  
USA

Invoice No: [dropdown]

Drop ship

Customer PO: [dropdown] Ship via: Airborne Ship date: 6/1/11 Terms: [dropdown] Sales rep: [dropdown] A/R account: 11000

Apply to Sales: total

Quantity	Item	Description	Unit Price	Amount	Job
2.00	001hardware	Two doorknobs	\$16.00	\$32.00	

Apply tickets/expenses

Customer Account as of Jan 6, 2011

Balance: 0.00

Credit limit: 2,500.00

Credit status: Notify Over Limit

Other applied credits: 0.00

Amount paid at sale: 0.00


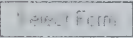
Invoice total: 324.00

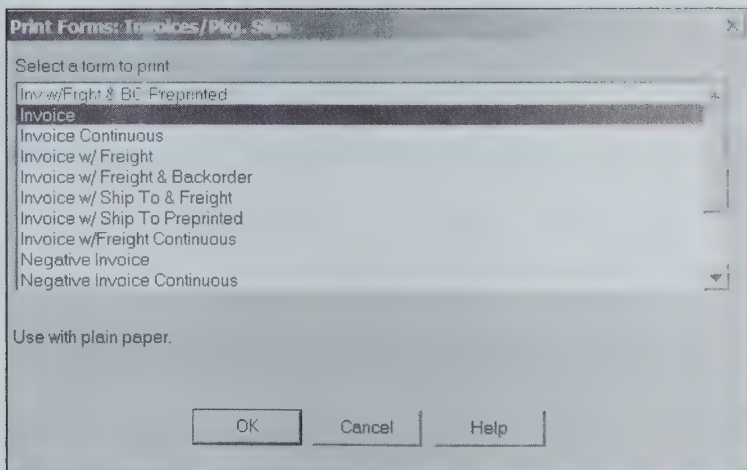
Net due: 324.00

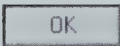
<sup>4</sup>If the G/L Account field and A/R Account fields are *not* displayed on your Sales/Invoicing window, click on Options, Global. Make sure the boxes in the Hide General Ledger Accounts section are unchecked.

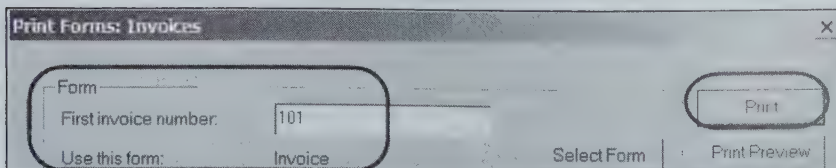
## Printing Sales Invoices

When you print the sales invoice, it also posts the transaction to the Sales Journal. To print this sales invoice, follow these steps:

1. Click .
2. The Print Forms: Invoices window appears. Click .
3. The Print Forms: Invoices/Pkg. Slips window appears. If necessary, select Invoice.



4. Click .
5. The Print Forms: Invoices window appears. The First invoice number field shows 101. PCA numbers subsequent invoices consecutively. The Use this form field shows Invoice.



**Comment:** The form you select is tied to the kind of printer you are using. If your invoice does not print, you should select a different form to print. Refer to step 2 on page 519 to change the form for printing invoices.

7. The Sales/Invoicing window is ready for the next sales invoice. (*Hint: When you printed the invoice, the transaction was posted to the sales journal, accounts receivable account in the general ledger, and customer account in the customer ledger. Once the transaction is posted, cost of sales is also calculated.*)
8. Record the following credit sales in the Sales/Invoicing window:

*Date                      Transaction Description*

01/06/11    Sold four rolls of vinyl flooring on account to Denise Canto. Print Invoice No. 102. (*Hint: Vinyl flooring is classified as floor. Ms. Canto's sales invoice shows no tax because this sale is made to an out-of-state customer.*)

<b>Samantha's Service Merchandise</b> 125 Peachtree Blvd Atlanta, GA 30301 USA  Voice: 404 555 9900 Fax: 404 555 9902		<b>INVOICE</b> Invoice Number: 102 Invoice Date: 01/06/11 Page: 1		
<b>Bill to:</b> Denise Canto 3115 Oak Lane Ft. Lauderdale, FL 33074 USA		<b>Ship to:</b> Denise Canto 3115 Oak Lane Ft. Lauderdale, FL 33074 USA		
<b>Customer ID</b>	<b>Customer PO</b>	<b>Payment Terms</b>		
dc003		Net 30 Days		
<b>Sales Rep ID</b>	<b>Shipping Method</b>	<b>Ship Date</b>	<b>Due Date</b>	
	Airborne		2/5/11	
<b>Quantity</b>	<b>Item</b>	<b>Description</b>	<b>Unit Price</b>	<b>Amount</b>
4.00	003floor	Four rolls of vinyl flooring	160.00	640.00
Subtotal				640.00
Sales Tax				
Total Invoice Amount				640.00
Payment/Credit Applied				
<b>TOTAL</b>				<b>640.00</b>

Check/Credit Memo No.

Date

Transaction Description

01/06/11

Sold four pairs of curtains on account to Perry Murphy.  
Print Invoice No.103. (Hint: Curtains are classified as wall.)

<b>Samantha's Service Merchandise</b> 125 Peachtree Blvd Atlanta, GA 30301 USA  Voice: 404-555-9900 Fax: 404-555-9902		<b>INVOICE</b> Invoice Number 103 Invoice Date Jan 6 2011 Page 1		
<b>Bill To:</b> Perry Murphy 601 South Sixth Street Atlanta, GA 30310 USA		<b>Ship to:</b> Perry Murphy 601 South Sixth Street Atlanta, GA 30310 USA		
<b>Customer ID</b>	<b>Customer PO</b>	<b>Payment Terms</b>		
		Net 30 Days		
<b>Sales Rep ID</b>	<b>Shipping Method</b>	<b>Ship Date</b>	<b>Due Date</b>	
			2-6-11	
<b>Quantity</b>	<b>Item</b>	<b>Description</b>	<b>Unit Price</b>	<b>Amount</b>
4.00	002 wall	Four pairs of curtains	100.00	400.00
Subtotal				400.00
Sales Tax				32.00
Total Invoice Amount				432.00
Payment/Credit Applied				
<b>TOTAL</b>				<b>432.00</b>
Check/Credit Memo No				



Date

Transaction Description

01/06/11

Sold three curtain rods on account to Judith Piner. Print Invoice No. 104. (Hint: Curtain rods are classified as hardware.)

**Samantha's Service Merchandise**

125 Peachtree Blvd.  
Atlanta, GA 30301  
USA

Voice: 404-555-9900  
Fax: 404-555-9902

**INVOICE**

Invoice Number: 104  
Invoice Date: Jan 6, 2011  
Page

**Bill To:**

Judith Piner  
671 Woodlands Blvd  
Atlanta, GA 30321  
USA

**Ship to:**

Judith Piner  
671 Woodlands Blvd  
Atlanta, GA 30321  
USA

Customer ID	Customer PO	Payment Terms	
jp004		Net 30 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
	Airborne		

Quantity	Item	Description	Unit Price	Amount
3.00	001hardware	Three curtain rods	150.00	450.00
Subtotal				450.00
Sales Tax				36.00
Total Invoice Amount				486.00
Payment/Credit Applied				
<b>TOTAL</b>				<b>486.00</b>

Check/Credit Memo No:

## Entering a Service Invoice


Samantha's Service Merchandise sells and repairs household items. When repairs are done, a **service invoice** is used. A service invoice is an alternative to the standard invoice. It is used when you want to create an invoice without inventory items.

Follow these steps to enter a service invoice:

<i>Date</i>	<i>Transaction Description</i>
01/10/11	Repaired curtains for Bernice Blair, \$49.89, plus sales tax of \$3.99, for a total of \$53.88.

1. From the Sales/Invoicing window, click . Then select <Predefined> Service.

The Sales/Invoicing window changes to include only the information necessary for a service invoice. This means that you no longer can select inventory items. When you complete the service transaction,

click  again. Then, you are ready to enter an inventory sale on the Sales/Invoicing window.

2. In the Customer ID field, select Bernice Blair.
3. Type **10** in the Date field, then press <Enter>.
4. Click on the Description field. Type **Repair** and press <Enter>.
5. In the GL Account field, select Account No. 40600, Service Fees.
6. Type **49.89** in the Amount field. Compare your Sales/Invoicing window to the one shown on the next page.

**Sales/Invoicing**

File Edit Go To Window Help

Close New List Save Print E-mail Delete Recyl Row Note Journal Event Layout Report

Customer ID: bb002

Bill to: Bernice Blair  
1231 14th Street  
Atlanta, GA 30302 USA

Ship to: Bernice Blair  
1231 14th Street  
Atlanta, GA 30302  
USA

Invoice No. 105

Customer PO Net 30 Terms Sales rep A.R account 11000

Apply to Sales: 49.89

Description	Quantity	Unit Price	Total
Repair	1	49.89	49.89

Apply tickets/expenses Sales tag: 3.99 G/

Customer Account as of Jan 10, 2011

Balance: 0.00

Credit limit: 2,500.00

Credit status: Notify Over Limit


Other applied credits

Amount paid at sale

7. Print Invoice No. 105 and compare it to the one shown on the next page.

<b>Samantha's Service Merchandise</b> 100 Peachtree Road Atlanta, GA 30301 USA  Voice 404-555-9900 Fax 404-555-9902		<b>INVOICE</b> Invoice Number 105 Invoice Date Jan 10, 2011 Page 1		
<b>Bill To:</b> Bernice Blair 1231 14th Street Atlanta, GA 30302 USA		<b>Ship To:</b> Bernice Blair 1231 14th Street Atlanta, GA 30302 USA		
Customer ID	Customer PO	Payment Terms		
Sales Rep ID	Shipping Method	Ship Date	Due Date	
			2/9/11	
Quantity	Item	Description	Unit Price	Amount
				49.89
Subtotal				49.89
Sales Tax				3.99
Total Invoice Amount				53.88
Payment				
<b>TOTAL</b>				<b>53.88</b>

Check/Credit Memo No.

8. Click , then <Predefined> Product. Click .

## Sales Returns: Credits & Returns

A sales return, or credit memo, is used when merchandise is returned by a customer. Credit memos for sales returns are entered similarly to vendor credit memos.

Before you can apply a credit, you must post the invoice. Invoice Nos. 101–105 were posted to the sales journal when you printed the sales invoices (see pages 520-526). This work must be completed *before* you can apply a sales return. When a credit memo is entered, select the customer's ID code and the appropriate invoice number. Then, the return will be applied to that invoice and the customer's account balance will be adjusted.

In the steps that follow, you record the following transaction:

<i>Date</i>	<i>Transaction Description</i>
01/14/11	Perry Murphy returned one pair of curtains that he purchased on January 6, Invoice No. 103. He also paid the balance of that invoice.




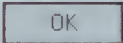
1. From the Customers & Sales Navigation Center, select **New Credit Memo**.
2. In the Customer ID field, select Perry Murphy.
3. In the Date field, type **14** and press **<Enter>**.
4. Type **CM103** in the Credit No. field. (CM is an abbreviation for Credit Memo; use the sales invoice number to identify the credit memo.) Press **<Enter>**.
5. The Apply to Invoice No. tab is selected. Click on the down-arrow and select 103.
6. Type **1** in the Returned field. Press **<Enter>**



7. Type **Returned one pair of curtains** in the Description field.

8. Click  to post, then click .

*Apply a sales return:* Follow these steps:

1. From the Customers & Sales Navigation Center, select ; Receive Money From Customer. At the Select a Cash Account window, accept the default for Southern Bank by clicking .

2. Type **01/14/11** in the Deposit ticket ID field. Press **<Enter>**.

3. In the Customer ID field, select Perry Murphy.

4. In the Reference field, type **Invoice 103** then press the **<Enter>** key two times.
5. In the Date field, type **14**, then press the **<Enter>** key two times.
6. Observe that the Payment Method field displays **Check**; and that the Cash Account field displays **Account No. 10200, Southern Bank**. In the **Apply to Invoices** list, click on the **Pay** box. Observe that the Receipt Amount shown is **324.00** (\$432 original invoice - \$108, return).

Receipts

File Edit Go To Window Help

Close New List Save Print E-mail Delete Row Detail Journal Event Reports Help

Deposit ticket ID: 1/14/11

Customer ID: pm005

Perry Murphy  
601 South Sixth Street  
Atlanta, GA 30310  
USA

Reference: Invoice 103

Receipt number:

Date: Jan 14, 2011

Receipt amount: 324.00



Payment method: Check

Credit card payment: Record or Process

Apply to Invoices: 324.00 Apply to Revenues: 0.00

Invoice	Date Due	Amount Due	Description	Customer	Amount Paid	Pay
103	Feb 5, 2011	324.00			324.00	<input checked="" type="checkbox"/>

Discount account: 49000

7. Click  to post, then click .

## RECORDING RECEIPTS AND CASH SALES

The Receipts window is used for recording checks, cash, and credit card sales that are received and deposited in the checking account. Then, PCA takes the necessary information from the Receipts window and automatically journalizes the transactions in the Cash Receipts Journal. If the receipt is from a credit customer, then the receipt is posted to the customer's subsidiary ledger as well.

There are two categories for receipts that result from sales:

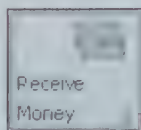
- Receipts for which an invoice was entered in the Sales/Invoicing window.
- Direct sales receipts for which no invoice was entered in the Sales/Invoicing window.

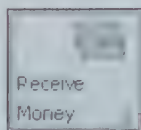


### Entering A Receipt

<i>Date</i>	<i>Transaction Description</i>
01/21/11	Samantha's Service Merchandise received a check in the amount of \$324 from Aimee Perkins in payment of Invoice 101.

Follow these steps to enter this receipt:



1. Select ; Receive Money From Customer. The Receipts window appears.
2. Type **01/21/11** in the Deposit ticket ID field.
3. In the Customer ID field, select Aimee Perkins.
4. In the Reference field, type **Invoice 101**. (This is the Invoice that is being paid.) Press the **<Enter>** key two times.
5. Type **21** in the Date field.
6. Verify that Account No. 10200, Southern Bank, is displayed in the Cash Account field. The Apply to Invoices tab is selected. Click on the Pay box for Invoice 101. Compare your Receipts window to the one shown on the next page.

Receipts

File Edit Go To Window Help

Close New Edit Save Print Email Delete Row Detail Journal Events Reports

Deposit ticket ID: 1/21/11

Customer ID: ap001

Aimee Perkins  
490 Northern Avenue  
Atlanta, GA 30326  
USA

Reference: 101-104

Receipt number: 101-104

Date: Jan 21, 2011

Receipt amount: 324.00

Payment method: Check

Credit card payment: Record

Apply to Invoices: 324.00 Apply to Revenues: 0.00

Invoice	Date Due	Amount Due	Description
101	Feb 5, 2011	324.00	

Discount account: 49000



7. Click to post this receipt. The Receipts window is ready for another transaction.

In the preceding steps, each customer paid the invoice in full. What if a customer made a partial payment on an invoice?

*Date*                      *Transaction Description*

01/22/11      Judith Piner paid \$105 on account, Invoice No. 104.

Follow these steps for partial payment:

1. The Receipts window should be displayed. Type **01/22/11** in the Deposit ticket ID field.
2. Select Judith Piner as the customer.
3. Type **Invoice 104** in the Reference field. Press the <Enter> key two times.
4. Type **22** in the Date field.

- Judith Piner's Invoice number, Date Due, and Amount Due display in the Apply to Invoices table. Click on the Amount Paid field. Type **105** in the Amount Paid field and press **<Enter>**. A check mark is automatically placed in the Pay box.

Receipts

File Edit Go Tools Window Help

Deposit ticket ID: 1/22/11

Customer ID: jp004

Judith Piner  
671 Woodlands Blvd  
Atlanta, GA 30321  
USA

Refer:

Receipt number:

Date: Jan 22, 2011

Receipt amount: 105.00

Payment method: Check

Full card payment: ☐ Paid or ☐ Unpaid

Cash account: 10200 Southern Bank

Cash account balance: 74,148.00

Apply to Invoices: 105.00

Invoice	Date Due	Amount Due	Amount Paid	Pay
104	Feb 5, 2011	486.00	105.00	<input checked="" type="checkbox"/>

Discount account: 45000

- Click  to post.

Enter the following receipts:

Date	Transaction Description
01/28/11	Received a check in the amount of \$53.88 from Bernice Blair in full payment of Invoice No. 105.
01/28/11	Received a check in the amount of \$640 from Denise Canto in full payment of Invoice No. 102.



## Cash Sales

Follow these steps to record a cash sale.

<i>Date</i>	<i>Transaction Description</i>
-------------	--------------------------------

01/29/11	Sold two pairs of curtains for cash to Barb Wilson. \$200.
----------	--


1. On the Receipts window, type **01/29/11** in the Deposit ticket ID field.
2. Click on the Name field, then type **Barb Wilson**. You do not enter address information for a cash sale.
3. Since this is a cash sale, type **Cash** in the Reference field. Press **<Enter>** two times.
4. Type **29** as the date.
5. Verify that account 10200, Southern Bank, is displayed in the Cash Account field.
6. Make sure that the Apply to Revenues tab is selected.

PCA assumes you are going to apply the receipt to revenue unless you select a customer with open invoices.

You can also apply a portion of the receipt to both invoices and revenue. You do this by selecting each heading, then entering the distribution information for that portion of the receipt. A running subtotal is kept to show how much of the receipt has been applied.

7. Type **2** in the Quantity field.
8. Select 002wall as the inventory item.
9. Type **Two pairs of curtains** as the Description and press the **<Enter>** key.
10. Observe that the GL Account field, shows Account No. 40200, Sales-Wall (this is the default account). (*Hint: Make sure the correct sales account is selected.*)

11. In the Sales Tax field, select GA. Observe that 16.00 is automatically calculated in the Sales Tax field.

12. Click , then close the Receipts window.

## Finance Charges

PCA includes a feature in the Tasks menu for computing finance or interest charges. This option computes and applies finance charges for customers and/or prints a report listing all finance charges.

You use this feature by selecting the Finance Charge option. You may want to try this out on your own. Use the Tasks menu and select Finance Charge to see how this feature works.

## PRINTING CUSTOMER FORMS

PCA provides forms for the following types of customer correspondence:


- Invoices.
- Statements.

- Mailing labels.
- Collection letters.

These reports can be accessed by selecting Reports & Forms from the menu bar, then Forms. Select a predefined form to print customer information or design your own form. In Part 4 of this book you will learn more about Custom Forms.

### Printing Invoices

You can print a single invoice from the Sales/Invoicing window by

selecting . This saves and prints the invoice.

A batch of invoices can be printed from the Reports & Forms menu by selecting Forms, then Invoices and Packing Slips. There are several types of predefined invoices available for printing customer information or you can design your own form.

### Printing Statements

The information that is printed on customer statements is defined in the Statement/Invoices Defaults which are set up from the Maintain menu. You can set up collection letters and also select from these print options.

- Whether to print your company name, address, phone, and fax on the statement.
- Whether to print zero and credit balance statements.
- The minimum balance necessary to print a statement.
- The number of grace days before printing a statement.
- Whether to print statements for accounts with no activity.

You can print or display statements. Or, if you want to display customer information before printing, display or print the customer ledger.

Statements can be printed from the Reports & Forms menu by selecting Forms, then Invoices and Packing Slips. There are several types of predefined statements available for printing customer account balances. Select the form that best suits your needs. As mentioned before, you can also design your own statement.

When the statements stop printing, a message box displays, asking if the statements printed okay and if you want to update the customer file. Look at your printed statements carefully before you answer Yes to this question. When you answer Yes, PCA records the statement date in the customer record. This is used as the balance brought forward date the next time you print a statement. This way the ending balance on one statement is the same as the beginning balance on the next statement.

You should enter, print, and post all invoices prior to printing statements. In this way the Balance Forward amounts are correct from month to month.

### **Printing Mailing Labels**

Labels can be printed by selecting the Reports & Forms menu, Forms, then Customer Labels and Letters. Select one of Customer Labels, then print. There are several predefined labels available for printing. You can elect to use these forms or design your own.

When printing labels you can do the following.

- Select a range of customers.
- Enter all or part of a Zip code to limit the mailing labels to customers in a certain area.
- Print labels for customers, prospects, or both.
- Enter a Status for customers so that you print labels for all, active, or inactive customers.
- Enter a Type Code for customers so that only customers of a specific Type Code will print.

### **Preparing Collection Letters**

What if credit customers are slow to pay their bills? Collection letters can play an important role in generating revenue from customers who are slow to pay off their balances. Sometimes just a friendly reminder is all that is needed.

The table below shows how important it is to get paid on time because the longer a bill remains unpaid, the less chance there is of collecting.

Number of Days Overdue	Percent Uncollectible
1 to 30 days	2%
31 to 60 days	10%
61 to 90 days	20%
91 to 180 days	30%
181 to 365 days	50%
over 365 days	90%

Collection letters are an effective way to remind customers to pay their unpaid balances. Most customers will pay after they receive a friendly reminder of a past-due account. It is worthwhile to send these letters because past-due amounts can be a burden on a company's cash flow.

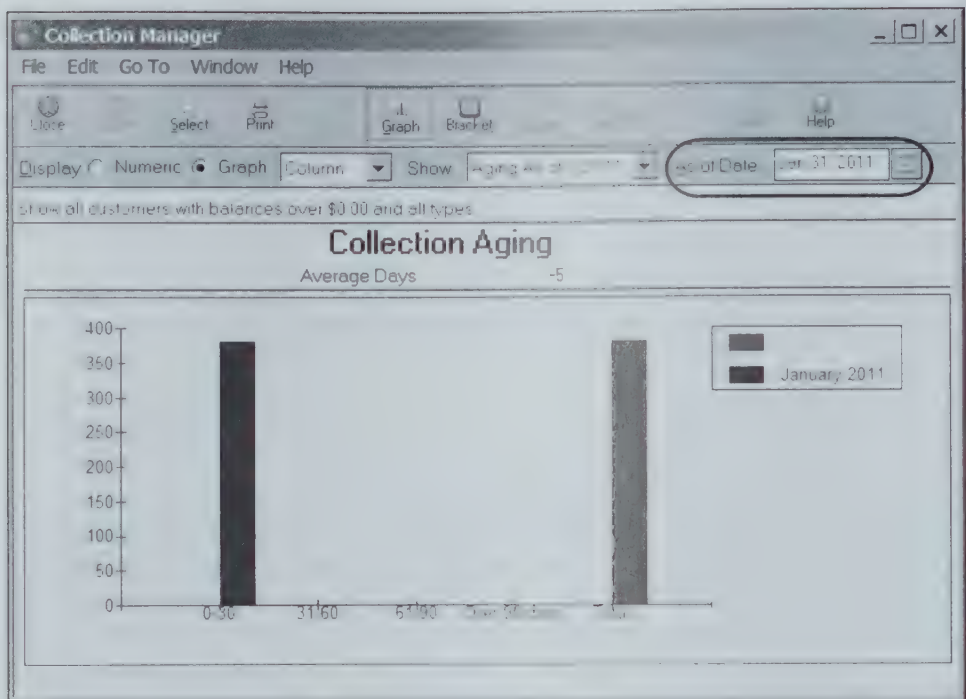
Depending on how late the payment is, collection letters vary in tone and urgency. For example, a friendly reminder may be all that's needed for someone who is 30 days past due, but a different letter may be needed for someone who is more than 90 days past due. Remember that while it is important to collect past-due amounts, you would also like to keep the customer.




PCA's letters are grouped by lateness of payment and severity of tone. The less than 30 days overdue letter is soft while the 61-90 days overdue letter is much firmer. You may edit all of these letters to suit your needs.



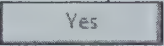
To print a collection letter you use the analysis menu. Follow these steps to do that:

1. From the menu bar, click on Analysis, then Collection Manager.
2. Type **01/31/11** in the As of Date field. Press **<Enter>**. The Collection Aging bar graph appears.






3. Click . The Total Bracket table lists an invoice for Judith Piner.
4. Click on the Letter box on the Total Bracket table to place a check mark in it. Then, click .
5. The Print Forms: Collection Letters window appears. Click . You may want to try one of these selections and see what Peachtree's collection letters look like. The sample letters are sorted as follows.
  - Overdue < 30 Days - Soft
  - Overdue >90 Days
  - Overdue >90 Days – Coll Agency
  - Overdue 31-60 Days - Medium
  - Overdue 61-90 Days - Firm

6. Select a form to print, then click .
7. Click . A collection letter prints. Read the letter that you printed. The collection letter that prints is an example. When the window prompts, Did the collection letters print properly?, click . Since Ms. Piner does *not* have an overdue bill, no amount shows in the letter's Amount Overdue field.
8. Close the Collection Manager.

## PRINTING THE SALES JOURNAL

The Sales/Invoicing window is the Sales Journal. Credit sales are recorded in the Sales/Invoicing window. Follow these steps to print the Sales Journal:

1. From the Recently Used Customer Reports area on the Customers & Sales Navigation Center, link to Print the Sales Journal.
2. The Modify Report – Sales Journal window appears. Click . Make the selections to print. Compare your sales journal report to the one shown on the next page.

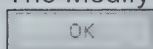
Samantha's Service Merchandise					
Sales Journal					
For the Period From Jan 1, 2011 to Jan 31, 2011					
Filter Criteria includes: Report order is by Invoice/CM Date. Report is printed in Detail Format.					
Date	Account ID	Invoice/CM #	Line Description	Debit Amnt	Credit Amnt
1/6/11	23100	101	GA Georgia Dept. of Revenue		24.00
	40000		Two doorknobs		300.00
	50000		Cost of sales	100.00	
	12000		Cost of sales		100.00
	11000		Arnee Perkins	324.00	
1/6/11	40400	102	Four rolls of vinyl floor		640.00
	57000		Cost of sales	216.00	
	12000		Cost of sales		216.00
	11000		Denise Canto	640.00	
1/6/11	23100	103	GA Georgia Dept. of Revenue		32.00
	40200		Four pairs of curtains		400.00
	50500		Cost of sales	120.00	
	12000		Cost of sales		120.00
	11000		Perry Murphy	400.00	
1/6/11	23100	104	GA Georgia Dept. of Revenue		36.00
	40000		Three curtain rods		450.00
	50000		Cost of sales	150.00	
	12000		Cost of sales		150.00
	11000		Judith Piner	450.00	
1/10/11	23100	105	GA Georgia Dept. of Revenue		2.00
	40600		Repair		40.00
	11000		Bernice Blair	40.00	
1/14/11	23100	CM103	GA Georgia Dept. of Revenue	6.00	
	40200		Returned one pair of curtains	100.00	
	50500		Cost of sales		30.00
	12000		Cost of sales	20.00	
	11000		Perry Murphy		108.00
		Total		2,659.88	2,659.88

## PRINTING THE CASH RECEIPTS JOURNAL

In PCA, the Receipts window is the Cash Receipts Journal. Payments from customers and cash sales are recorded in the Receipts window. Follow these steps to print the Cash Receipts Journal.

1. From the Recently Used Customer Reports area on the Customers & Sales Navigation Center, link to Print the Cash Receipts Journal. If the Cash Receipts Journal is not listed, link to View All Customer & Sales Reports. (Or, from the menu bar select Reports, then Accounts Receivable, then highlight Cash Receipts Journal.)

2. The Modify Report - Cash Receipts Journal window displays. Click



. Make the selections to print.

Samantha's Service Merchandise Cash Receipts Journal For the Period From Jan 1, 2011 to Jan 31, 2011					
Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format.					
Date	Account ID	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
1/14/11	11000 10200	Invoice 103	Invoice: 103 Perry Murphy	324.00	324.00
1/21/11	11000 10200	Invoice 101	Invoice: 101 Aimee Perkins	324.00	324.00
1/22/11	11000 10200	Invoice 104	Invoice: 104 Judith Piner	105.00	105.00
1/28/11	11000 10200	Invoice 105	Invoice: 105 Bernice Blair	53.88	53.88
1/28/11	11000 10200	Invoice 102	Invoice: 102 Denise Canto	640.00	640.00
1/29/11	23100 40200 50500 12000 10200	Cash	GA: Georgia Dept. of Revenue Two pairs of curtains Cost of sales Cost of sales Barb Wilson	  60.00  216.00	16.00 200.00  60.00
				1,722.88	1,722.88

## PRINTING THE CUSTOMER LEDGERS

Follow these steps to print the Customer Ledgers for Samantha's Service Merchandise:

1. From the Recently Used Customer Reports area on the Customers & Sales Navigation Center, link to View All Customer & Sales Reports. The Select a Report or Form window appears.
2. In the Accounts Receivable: Customers and Sales list, select Customer Ledgers. Then, make the selections to print.

<b>Samantha's Service Merchandise</b> <b>Customer Ledgers</b> <b>For the Period From Jan 1, 2011 to Jan 31, 2011</b>						
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format						
Customer ID Customer	Date	Trans No	Type	Debit Amt	Credit Amt	Balance
ap001 Aimee Perkins	1/6/11 1/21/11	101 Invoice 101	SJ CRJ	324.00	324.00	324.00 0.00
bb002 Bernice Blair	1/10/11 1/28/11	105 Invoice 105	SJ CRJ	53.88	53.88	53.88 0.00
dc003 Denise Canto	1/6/11 1/28/11	102 Invoice 102	SJ CRJ	640.00	640.00	640.00 0.00
jp004 Judith Piner	1/6/11 1/22/11	104 Invoice 104	SJ CRJ	486.00	105.00	486.00 381.00
pm005 Perry Murphy	1/6/11 1/14/11 1/14/11	103 CM103 Invoice 103	SJ SJ CRJ	432.00	108.00 324.00	432.00 324.00 0.00
<b>Report Total</b>				<b>1,935.88</b>	<b>1,554.88</b>	<b>381.00</b>

## PRINTING THE GENERAL LEDGER TRIAL BALANCE

1. In the Reports list, highlight General Ledger. Then, in the General Ledger: Account Information list highlight General Ledger Trial Balance.
2. Make the selections to print. Compare your general ledger trial balance to the one shown on the next page.



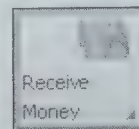
**Samantha's Service Merchandise**  
**General Ledger Trial Balance**  
**As of Jan 31, 2011**

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format

Account I	Account Description	Debit Amt	Credit Amt
10200	Southern Bank	72,902.05	
10400	Wells Savings & Loan	20,000.00	
11000	Accounts Receivable	381.00	
12000	Merchandise Inventory	28,322.00	
13000	Supplies	1,750.00	
14000	Prepaid Insurance	2,400.00	
15000	Furniture and Fixtures	5,000.00	
15100	Computers & Equipment	7,500.00	
15500	Building	100,000.00	
20000	Accounts Payable		300.00
23100	Sales Tax Payable		103.99
27000	Long-Term Notes Payable		20,500.00
27400	Mortgage Payable		75,000.00
39006	Lonnie Crosby, Capital		71,195.00
39007	Lonnie Crosby, Drawing	500.00	
39008	Samanta Currier, Capital		71,195.00
39009	Samanta Currier, Drawing	500.00	
40000	Sales-Hardware		750.00
40200	Sales-Wall		500.00
40400	Sales-Floor		640.00
40600	Service Fees		49.89
50000	Cost of Sales-Hardware	250.00	
50500	Cost of Sales-Wall	150.00	
57000	Cost of Sales-Floor	216.00	
59500	Purchase Discounts		17.96
70000	Maintenance Expense	160.00	
73500	Postage Expense	41.00	
75500	Supplies Expense	107.65	
76000	Telephone Expense	72.14	
<b>Total:</b>		<b>240,251.84</b>	<b>240,251.84</b>

## EDITING RECEIPTS

Is your Customer Ledger correct? Judith Piner's account is used to show how to edit the Customer Ledger. Follow these steps to see how the editing feature works:



1. From the Customers & Sales Navigation Center, select View and Edit Payments Received.

- The Receipt List appears. Click on Invoice 104, \$105.00 to highlight it.

**Receipt List**

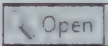
File Edit Go To Window Help

Close New Open Print Settings Refresh Send To

Date Range: This Period 01/01/2011 to 01/31/2011


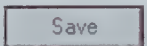

Search for: in Customer/Vendor ID Clear Search

Tasks	Customer/Vendor ID	Receipt No.	Period	Date	Reference No.	Receipt Amount	Deposit Ticket ID
View all customers	pm005		1	1/14/2011	Invoice 103	\$324.00	1/14/11
View all sales invoices	dc003		1	1/28/2011	Invoice 102	\$640.00	1/28/10
View all deposits	bb002		1	1/28/2011	Invoice 105	\$53.88	1/28/11
View all quotes	ap001		1	1/21/2011	Invoice 101	\$324.00	1/21/11
View all sales orders			1	1/29/2011	Cash	\$216.00	1/29/11
View item sales by customer							

- Click . The original Receipts window with Judith Piner's partial payment appears. Make any necessary corrections, then Save.
- Close the Receipts window and Receipt List window.

## BACKING UP CHAPTER 13 DATA

Follow these steps to back up Chapter 13 data:

- From the Company Navigation Center, link to Back up.
- Click .
- Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 13** in the File name field.
- Click .
- When the window prompts that This company backup will require approximately 7.37MB, click on . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 13.
- Continue or click on File, Exit to exit Peachtree.

## EXPORT REPORTS TO EXCEL

1. Export the following Peachtree reports to Excel:
  - Sales Journal
  - Cash Receipts Journal
  - Customer Ledgers
  - General Ledger Trial Balance.
2. If needed, refer to pages 487-489 for detailed steps to add multiple sheets to one Excel file. Use the file name **Chapter 13\_SJ\_CRJ\_CL\_GLTB.xlsx**.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 13. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 3 Internet Activities for Chapter 12-15. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	Complete the WebCPA—Tools and Resources for the Tax and Accounting Professional exercise. Read steps 1–3.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, page 546
2. Multiple-choice questions pages 546-549
3. Exercises 13-1 and 13-2, pages 549-552
4. Assessment rubric, page 553

5. Analysis question, page 553

6. Chapter 13 Index, page 554

### GOING TO THE NET

Access the Business Owner's Toolkit website at

[http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=P06\\_1430](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P06_1430).

Read the accounts receivable information. Answer the following questions.

1. What is the common abbreviation for accounts receivable?
2. What is the control account for customer sales on account?
3. How is the ending accounts receivable total computed?

**Multiple Choice Questions:** In the space provided, write the letter that best answers each question.

- \_\_\_\_\_ 1. Samantha's Service Merchandise charges sales tax to all sales made in:
- a. Arizona.
  - b. Oregon.
  - c. Washington.
  - d. Georgia.
  - e. None of the above.
- \_\_\_\_\_ 2. The money that your customers owe to the business is known as:
- a. Accounts payable.
  - b. Revenue.
  - c. Accounts receivable.
  - d. Cash in bank.
  - e. None of the above.
- \_\_\_\_\_ 3. The sales tax rate is:
- a. 6%.
  - b. 7%.
  - c. 8%.
  - d. 9%.
  - e. None of the above.

- \_\_\_\_\_ 4. Use the following Navigation Bar options to record entries in the Cash Receipts Journal:
- a. Customers & Sales; Receive Money, Receive Money from Customer.
  - b. Customers & Sales; Customers, Receive Money, View and Edit Payment Received.
  - c. Vendor & Payments; Customers, Receive Money, Receive Money from Customer.
  - d. Tasks; Sales/Invoicing.
  - e. None of the above.
- \_\_\_\_\_ 5. Use the following Navigation Bar options to record entries in the Sales Journal:
- a. Maintain/Customers Prospects.
  - b. Customers & Sales; Customers, Set Up Customer Defaults.
  - c. Customers & Sales; Sales Invoices, New Sales Invoice.
  - d. Maintain; Default Information, Customers.
  - e. None of the above.
- \_\_\_\_\_ 6. The owner(s) of Samantha's Service Merchandise are:
- a. Lonnie Crosby.
  - b. Samantha Currier.
  - c. both a. and b.
  - d. Judith Piner.
  - e. None of the above.
- \_\_\_\_\_ 7. PCA's accounts receivable system allows you to set up all of the following, EXCEPT:
- a. Customers.
  - b. Inventory items.
  - c. Finance charges.
  - d. Vendors.
  - e. None of the above.



- \_\_\_\_\_ 8. All journal entries made to the Sales Journal are posted to the General ledger and to the:
- a. Accounts payable ledger.
  - b. Customer ledger.
  - c. Job cost ledger.
  - d. Payroll register.
  - e. None of the above.
- \_\_\_\_\_ 9. The sales tax payable account is:
- a. Account No. 52000.
  - b. Account No. 53000.
  - c. Account No. 23100.
  - d. Account No. 12000.
  - e. None of the above.
- \_\_\_\_\_ 10. The Customer ID for Aimee Perkins is:
- a. AAP001.
  - b. ap001.
  - c. ap002.
  - d. AP002.
  - e. None of the above.
- \_\_\_\_\_ 11. The Cash Account number is shown on which of the following windows:
- a. Sales/Invoicing.
  - b. Purchases/Receive Inventory.
  - c. Receipts.
  - d. General Journal Entry.
  - e. None of the above.
- \_\_\_\_\_ 12. The account used for hardware sales is:
- a. Account No. 40000.
  - b. Account No. 40800.
  - c. Account No. 40200.
  - d. Account No. 40400.
  - e. None of the above.

- \_\_\_\_\_ 13. A sales return is also called a/an:
- a. Credit memo.
  - b. Debit memo.
  - c. Invoice.
  - d. Receipt.
  - e. None of the above.
- \_\_\_\_\_ 14. To back up all of Chapter 13's data, the following file name is used:
- a. Chapter 13 Begin.
  - b. Chapter 13b.
  - c. Backup.
  - d. Chapter 13.
  - e. None of the above.
- \_\_\_\_\_ 15. The GL Sales Account for wall is:
- a. Account No. 44200.
  - b. Account No. 44300.
  - c. Account No. 44400.
  - d. Account No. 40200.
  - e. None of the above.

**Exercise 13-1:** You must complete Exercises 12-1 and 12-2 before starting Exercise 13-1.

1. Start PCA. Open the company that you set up in Exercise 12-1 on page 493, Your Name Sales & Service.
2. Restore your data from Exercise 12-2. (*Hint: This backup was made on page 500.*) To make sure you are starting in the right place, display Exercise 12-2's general ledger trial balance (step 6, page 500).
3. If necessary, enter the following customer defaults:
  - a. Standard Terms:                      Due in number of days
  - b. Net due in:                              30 days
  - Discount in:                            0 days
  - Discount %:                            0.00

Credit Limit: 2,500.00  
GL Sales Account: 40000 Sales Hardware  
Discount GL Account: 49000 Sales Discounts

4. Set up GA sales taxes. The sales tax rate is 8.00%. (*Hint: Refer to pages 508-512.*)

5. Enter the following customers:

a. Customer ID: **ac001**  
Name: **Abe Carter**  
Billing Address: **1500 E. Cedar Avenue**  
City, ST Zip: **Atlanta, GA 30350**  
Country: **USA**  
Sales Tax: **GA**  
Customer Type: **ATL**  
Telephone 1: **404-555-3422**  
Fax: **404-555-5525**  
E-mail: **info@abecarter.com**  
Web Site: **www.abecarter.com**

In the Sales Info tab, select the GL Sales Acct 40200, Sales-Tools for Abe Carter.

b. Customer ID: **bb002**  
Name: **Brian Bell**  
Billing Address: **501 North Broadway**  
City, ST Zip: **Atlanta, GA 30306**  
Country: **USA**  
Sales Tax: **GA**  
Customer Type: **ATL**  
Telephone 1: **404-555-8900**  
Fax: **404-555-8902**  
E-mail: **info@brianbell.net**  
Web Site: **www.brianbell.net**

In the Sales Info tab, select the GL Sales Acct 40000, Sales-Hardware for Brian Bell.

c. Customer ID: **rn003**  
Name: **Rene Nelson**

---

Billing Address:	<b>111 East Steves Blvd.</b>
City, ST Zip:	<b>Atlanta, GA 30304</b>
Country:	<b>USA</b>
Sales Tax:	<b>GA</b>
Customer Type:	<b>ATL</b>
Telephone 1:	<b>404-555-7310</b>
Fax:	<b>404-555-3138</b>
E-mail:	<b>info@renenelson.com</b>
Web Site:	<b>www.renenelson.com</b>

In the Sales Info tab, select the GL Sales Acct 40000, Sales-Hardware for Rene Nelson.

6. Make a backup of your work. (Use **Exercise 13-1** as the file name.)

**Exercise 13-2:** Exercise 13-1 must be completed before Exercise 13-2.

1. Start PCA. Open your Sales & Service company.
2. Restore data from Exercise 13-1.
3. Record the following transactions:

01/06/11	Sold five tool kits on account to Abe Carter, Customer ac001. Type <b>101</b> in the Invoice No. field. Subsequent invoices will be numbered automatically.
01/06/11	Sold three hardware sets on account to Brian Bell, Customer bb002.
01/06/11	Sold six hardware sets on account to Rene Nelson, Customer rn003.
01/10/11	Abe Carter returned one of the tool kits that he purchased on January 6, Invoice No. 101, CM101. Mr. Carter also paid the balance of Invoice 101. ( <i>Hint: This transaction requires two entries. If necessary, select Account No. 10200, First Bank as the cash account.</i> )
01/13/11	Received a check in full payment of Invoice No. 102 from Brian Bell.

01/17/11      Sold two hardware sets *and* two tool kits for cash to Candace Stevens. (*Hint: Remember to enter two quantities and two items. Make sure GA sales tax is being charged.*)

01/18/11      Sold three tool kits for cash to Ron Richie.

4. Print the Sales Journal.
5. Print the Cash Receipts Journal.
6. Print the Customer Ledgers.
7. Print the General Ledger Trial Balance.

**Check Your Figures:**

10200, First Bank:	\$62,750.63
11000, Accounts Receivable	972.00
12000, Merchandise Inventory	14,570.00
23100, Sales Tax Payable	193.20
40000, Sales-Hardware	1,650.00
40200, Sales-Tools	765.00

8. Make a backup. Use **Exercise 13-2** as the file name.
9. Export the following reports to Excel: Sales Journal, Cash Receipts Journal, Customer Ledgers, General Ledger Trial Balance. Use the file name **Exercise 13-2\_SJ\_CRJ\_CL\_GLTB.xlsx**.



## ASSESSMENT RUBRIC

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 13, Assessment Rubric link.

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
1/6	Sold five tool kits on account to Abe Carter, Invoice 101 (type invoice number).			
1/10	Abe Carter returned one of the tool kits purchased on 1/6, Invoice No. 101, CM101. Mr. Carter also paid the balance of Invoice 101.			

## ANALYSIS QUESTION

What is the balance in the Accounts Receivable account, Samantha's Service Merchandise? Why? (*Hint:* Analysis questions refer to Samantha's [or your name] Service Merchandise, not the company set up in the exercise.)

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## Chapter

# 14

## Inventory & Services

### LEARNING OBJECTIVES

1. Restore data from Chapter 13. (This backup was made on page 544.)
2. Enter inventory maintenance and default information.
3. Enter inventory item information, including Sales account, Merchandise Inventory account, and Cost of Sales account.
4. Enter item codes when recording purchases and sales.
5. Enter inventory adjustments.
6. Export reports to Excel.
7. Complete the Internet Activity at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011).
8. Make three backups and save two Excel files.

**Merchandise inventory** includes all goods owned by the business and held for sale. The account used for merchandise inventory is Account No. 12000, Merchandise Inventory.

Peachtree's inventory system tracks inventory items at both the purchasing and sales level. When you set up an inventory item, you establish the General Ledger accounts that are updated by purchases and sales. Peachtree keeps track of cost of goods sold, stock levels, sales prices, and vendors.

PCA uses a perpetual inventory system. In a perpetual inventory system a **merchandising business** continuously updates inventory each time an item is purchased or sold.

Inventory calculations include FIFO, LIFO, and average cost methods. The **FIFO** (first in, first out) method assumes that the items in the beginning inventory are sold first. The **LIFO** (last in, first out) method assumes that the goods received last are sold first. The average cost method (also known as weighted average method) is the default that PCA uses for inventory items sold. The formula used is: Average Cost x Quantity Sold = Cost of Sales.

PCA tracks the inventory items you buy and sell. After you post, PCA automatically updates the cost and quantity of each inventory item. Generally, all of your inventory should use the same costing method.

Tracking inventory is a three-step process:

- Enter item information, including Sales account, Merchandise Inventory account, and Cost of Sales account.
- Use item codes when entering purchases and sales. PCA automatically calculates and tracks average cost, which is the default, using this to calculate and enter the Cost of Sales. You can change the cost method to LIFO (last in, first out) or FIFO (first in, first out). This chapter will explain these inventory cost methods in detail.
- If necessary, enter inventory adjustments.

PCA does the rest automatically: adjusts inventory levels each time you post a purchase or sale of an inventory item, tracks the cost of each item, and makes a Cost of Goods Sold journal entry at the end of the accounting period.

## **COST METHODS**

PCA includes three types of cost methods for inventory: average cost, LIFO, and FIFO. Once you select the costing method for an inventory item, you cannot change it if transactions have been posted. Therefore, if you want to change the cost method for an item with posted transactions, you must enter the item again.

### **Average Cost**

When you set up inventory items for Samantha's Service Merchandise, you selected the Average cost method. In Chapter 12, Samantha's Service Merchandise purchased four pairs of curtains from Ronnie Becker Fabrics for \$30 each (Invoice 210, page 468). What happens when these curtains are sold?

The journal entries would look like this:

Purchased four pairs of curtains from Ronnie Becker Fabrics at \$30 each.

Account ID	Account Description, Purchase Invoice 210	Debit	Credit
12000	Merchandise Inventory	120.00	
20000/RBF08	Accounts Payable/Ronnie Becker Fabrics		120.00

Sold four pairs of curtains to Perry Murphy for \$100 each (Invoice 103, page 522).

Account ID	Account Description, Sales Invoice 103	Debit	Credit
50500	Cost of Sales-Wall	120.00	
11000/pm005	Accounts Receivable/Perry Murphy	400.00	
12000	Merchandise Inventory		120.00
40200	Sales-Wall		400.00
23100	Sales Tax Payable		32.00

You can see from these journal entries that the Merchandise Inventory account is updated with each purchase and sale. After these transactions, the balance in Merchandise Inventory looks like this:

Merchandise Inventory, Account No. 12000

Purchased inventory	120.00	Sold Inventory	120.00
Balance	0.00		

### LIFO (Last In, First Out)

The LIFO (last in, first out) method of inventory pricing assumes that the last goods received are sold first. LIFO assumes that cost is based on replacement and that the last price paid for merchandise is more accurate.

Accountants recommend that you select LIFO when you desire to charge the most recent inventory costs against revenue. LIFO yields the lowest amount of net income in periods of rising costs because the cost of the most recently acquired inventory more closely approximates the replacement cost.



**FIFO (First In, First Out)**

The FIFO (first in, first out) method of inventory pricing assumes that the items in the beginning inventory are sold first. FIFO costs your sales and values your inventory as if the items you sell are the ones that you have had in stock for the longest time.

Accountants recommend that you select FIFO when you desire to charge costs against revenue in the order in which costs occur. FIFO yields a higher amount of profit during periods of rising costs. This happens because merchandise was acquired prior to the increase in cost.

**TYPES OF INVENTORY ITEMS**

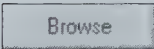
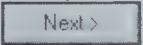
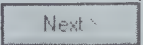
There are nine types of inventory items in PCA:

- **Stock item:** This is the default in the Item Class list. It is the traditional inventory item where the program tracks descriptions, unit prices, stock quantities, and cost of sales. For stock items, you should complete the entire window. Once an item has been designated as a stock item, the type cannot be changed.
- **Master Stock Item:** PCA uses this item class as a special item that does not represent inventory stocked but contains information (item attributes) shared with a number of substock items.
- **Non-stock item:** PCA tracks the description and a unit price for sales. You can also track default accounts. You might use this type for service items such as hours where the unit price is set.
- **Description only:** PCA keeps track of the description of an Inventory Item. This saves time when entering purchases and sales because you don't have to retype the description. You might use this type for service items where the price fluctuates.
- **Service:** This is for services you can apply to your salary and wages account.
- **Labor:** This is for labor you can apply to your salary and wages account. You cannot purchase labor items but you can sell them.
- **Assembly:** You can specify items as assembly items and create a bill of materials for a unit made up of component stock or subassembly items.

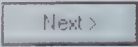
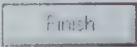
- Activity item: To indicate how time is spent when performing services for a customer, for a job, or for internal administrative work. Activity items are used with the Time & Billing feature.
- Charge item: Expenses recorded by an employee or vendor when company resources are used for a customer or job.


## GETTING STARTED

In the preceding chapters, you set up inventory items. The instructions that follow show how to add inventory items to Samantha's Service Merchandise.

1. Start Peachtree. Open Samantha's Service Merchandise. If you used a unique name, select it.
2. Follow these steps to restore data from Chapter 13. This backup was made on page 544.
  - a. Start Peachtree. Open Samantha's Service Merchandise.<sup>1</sup> This company was set up in Chapter 12 on pages 437-441. (*Hint: If another company opens, click File; Open Previous Company, select Samantha's [your name] Service Merchandise. Open one company.*)
  - b. From the Company Navigation Center, link to Restore.
  - c. The Select Backup File window appears. (If necessary, click . In the Look in field, select the appropriate location of the Chapter 13.ptb file.) Make sure the Location field on the Select Backup File window shows the Chapter 13.ptb file. You made this backup on page 544. Click .
  - d. The Select Company window appears. The radio button next to An Existing Company is selected. Check that the Company Name and Location fields are correct. Click .

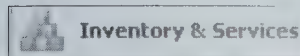
<sup>1</sup>You can restore from your back up file even if *no* Peachtree company exists. From Peachtree's start up window, select File; Restore. Select the location of your backup file. On the Restore Wizard's Select Company window, select A New Company. The A New Company selection allows you to restore your backup data, bypassing the process of new company set up. For more information, refer to Troubleshooting on pages 302-303.

- e. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
- f. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored.
- g. If necessary, remove the external media.

 To make sure you are starting in the appropriate place in the data (Chapter 13.ptb backup) display the General Ledger Trial Balance. This trial balance is also shown on page 543, Chapter 13.

Samantha's Service Merchandise General Ledger Trial Balance As of Jan 31, 2011			
Filter Criteria includes Report order is by ID Report is printed in Detail Format			
Account I	Account Description	Debit Amt	Credit Amt
10200	Southern Bank	71,840.00	
10400	Wells Savings & Loan	20,000.00	
11000	Accounts Receivable	100.00	
12000	Merchandise Inventory	28,300.00	
13000	Supplies	1,000.00	
14000	Prepaid Insurance	2,400.00	
15000	Furniture and Fixtures	6,000.00	
15100	Computers & Equipment	2,500.00	
15500	Building	100,000.00	
20000	Accounts Payable		300.00
23100	Sales Tax Payable		103.99
27000	Long-Term Notes Payable		20,500.00
27400	Mortgage Payable		75,000.00
39006	Lonnie Crosby, Capital		71,195.00
39007	Lonnie Crosby, Drawing	500.00	
39008	Samanta Currier, Capital		71,195.00
39009	Samanta Currier, Drawing	500.00	
40000	Sales-Hardware		750.00
40200	Sales-Wall		500.00
40400	Sales-Floor		640.00
40600	Service Fees		49.89
50000	Cost of Sales-Hardware	250.00	
50500	Cost of Sales-Wall	150.00	
57000	Cost of Sales-Floor	216.00	
59500	Purchase Discounts		17.96
70000	Maintenance Expense	160.00	
73500	Postage Expense	41.00	
75500	Supplies Expense	107.65	
76000	Telephone Expense	72.14	
<b>Total:</b>		<b>240,251.84</b>	<b>240,251.84</b>

## INVENTORY DEFAULTS



1. From the Navigation Bar, select **Inventory & Services**. The **Inventory Item Defaults** window displays. Click on the **GL Accts/Costing** tab. The default for inventory costing is the Average method. Since this is what Samantha's Service Merchandise uses, there is no need to make any changes to this window. These inventory defaults were set up in Chapter 12, pages 456-457.

**Inventory Item Defaults**

View should I set up these defaults?

**Inventory Item Defaults**

General | Ordering | **GL Accts/Costing** | Taxes/Shipping | Custom Fields | Price Levels

Item Class	GL Sales/Inv	GL Inv/Wage	GL Inv/Sales	GL Inv
Stock item	40000	12000	50000	Average
Master Stock item	40000	12000	50000	Average
Non-stock item	40000	77500	50000	
Description only				
Service	40000	77500	57000	
Labor	40000	77500	57000	
Assembly	40000	12000	50000	Average
Activity item	40000			
Charge item	40000			

These Defaults are used when creating new items. Click on the cells to access the entry tools. Individual records can be changed as they are created in the Maintain Inventory Items Screen.

GL Freight Account

45500 Shipping Charges This GL Link is for Freight Charges in Sales/Invoicing

2. Click on the **Taxes/Shipping** tab.



**Inventory Item Details**

Why should I set up these defaults?

**Inventory Item Def**

General | Ordering | GL Accts/Costing | **Taxes/Shipping** | Custom Fields | Price

**Item Tax Type**

Field	Item Tax Type	Tax
1	Regular	<input checked="" type="checkbox"/>
2	Exempt	<input type="checkbox"/>
3	Exempt	<input type="checkbox"/>
4	Exempt	<input type="checkbox"/>
5	Exempt	<input type="checkbox"/>
6	Exempt	<input type="checkbox"/>
7	Exempt	<input type="checkbox"/>
8	Exempt	<input type="checkbox"/>
9	Exempt	<input type="checkbox"/>
10	Exempt	<input type="checkbox"/>
11	Exempt	<input type="checkbox"/>

Tax Type is used to classify Sales Taxes for State Reporting

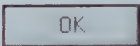

**Ship Methods**

Field	Ship Method
1	Airborne
2	Conner
3	Hand Deliver
4	Cust Pickup
5	UPS Ground
6	UPS Next
7	UPS First
8	US Mail
9	First Class
10	Best Way

Ship Method is used for shipping on Invoices. Field 1 is the default.

OK  
Cancel  
Help

The Regular tax type is selected with a check mark. This is correct because there is an 8% sales tax in Georgia. The Ship Methods that appear on this tab are also shown on the Sales/Invoicing and Purchases/Receive Inventory windows. You can also use these ship methods to set up defaults for customers and vendors.

3. Click  to close this window. (Remember: If you click , you close the window without saving any changes.)


## ENTERING INVENTORY ITEM MAINTENANCE INFORMATION

Inventory items are set up on the Maintain Inventory Items window. You can establish general ledger accounts, vendors, tax exemptions, sales prices and reorder quantities. The information on the Maintain Inventory Items window is displayed as five tabs: General, Custom Fields, History, Bill of Materials, and Item Atttributes. The fields are visible on one tab at a time, but you can view others by selecting a tab.

Follow the steps on the next page to enter inventory maintenance information.






1. From the Inventory & Services Navigation Center, select , New Inventory Item. The Maintain Inventory Items window appears.
2. Complete the following information:

Item ID:	<b>004lights</b>
Description:	<b>lighting</b>
Item Class:	select Stock Item
Description(for Sales):	<b>light fixtures</b>
Price Level 1:	<b>175</b>
Last Unit Cost:	<b>64</b>
Cost Method:	Average
GL Sales Acct:	Add Account No. <b>40500 Sales-Lights</b> (Income)
GL Inventory Acct:	<b>12000 Merchandise Inventory</b>
GL Cost of Sales Acct:	Add Account No. <b>57050 Cost of Sales-Lights</b> (Cost of Sales)
Item Tax Type:	<b>1</b>
Item Type:	<b>lights</b>
Stocking U/M:	<b>each</b>
Minimum Stock:	<b>8</b>
Reorder Quantity:	<b>4</b>

Preferred Vendor ID:

You need to add a new vendor. To add a vendor, click  in the



Preferred Vendor ID field, then click . The Maintain Vendors window displays.

Vendor ID:	<b>TSS09</b>
Name:	<b>Tomlinson Sales and Service</b>
Mailing Address:	<b>13456 West Main Street</b>
City, ST Zip:	<b>Savannah, GA 31401</b>
Country:	<b>USA</b>
Vendor Type:	<b>lights</b>
1099 Type:	<b>Independent Contractor</b>
Expense Account:	<b>12000 Merchandise Inventory</b>

Telephone 1: 912-555-1500  
 Fax: 912-555-1502  
 E-Mail: info@tomlinson.com  
 Web Address: www.tomlinson.com

*Purchase Info:*


Tax ID Number: 24-1892403

- a. Click , then close the Maintain Vendors window. You are returned to the Maintain Inventory Items window. In the Preferred Vendor ID field, select Tomlinson Sales and Service as the vendor. Click .
- b. Click on the Beginning Balance button (lower right corner of the Maintain Inventory Items window.) The Inventory Beginning Balances window displays. Select lighting. Complete the following:
 

Quantity:	125
Unit Cost:	64.00
Total Cost:	8,000.00 (completed automatically)
3. Observe that the Total Beginning Balances field shows 27,740.00. This amount agrees with the Merchandise Inventory balance on page 447 (January 1, 2011 balance sheet).

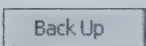
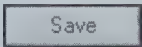
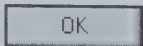
Item ID	Description	Quantity	Total Cost
001 hardware	hardware	31.00	475.00
002 wall	wall	140.00	420.00
003 floor	floor	200.00	700.00
004 lights	lighting	125.00	300.00

Total Beginning Balances: 125.00

4. Click  to close the Inventory Beginning Balances window.
5. Make sure, TSS09, Tomlinson Sales and Service, is shown in the Preferred Vendor ID field. Save, then close the Maintain Inventory Items window.
6. Save, then close the Maintain Inventory Items window.

## BACKING UP YOUR DATA

Follow these steps to back up Chapter 14 data:

1. From the Company Navigation Center, link to Back up.
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 14 Begin** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 7.37MB, click . When the Back Up

Company scale is 100% complete, you have successfully backed up to the current point in Chapter 14.

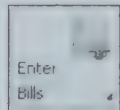
6. Continue or click File; Exit to exit Peachtree.

## INVENTORY ADJUSTMENTS

Follow these steps to record a purchase and inventory adjustment.

*Date* *Transaction Description*

01/14/11 Tomlinson Sales and Service sent Invoice No. 112 for the purchase of eight light fixtures for a unit cost of \$64 each, and a total of \$512.



1. From the Vendors & Purchases Navigation Center, select New Bill. The Purchases/Receive Inventory window appears. Record the January 14, 2011 transaction. Compare your Purchases/Receive Inventory window with the one shown below.

**Purchases/Receive Inventory**

File Edit Go To Window Help

Vendor to: Tomlinson  
Remit to: Tomlinson Sales and Service  
13456 West Main Street  
Savannah, GA 31401 USA

Ship to: Samantha's Service Merchandise  
125 Peachtree Blvd.  
Atlanta, GA 30301  
USA

Date: Jan 14, 2011  
Invoice No.: 112

☐ Drop ship  
☐ Waiting on bill

Customer SO No. Customer invoice No. Terms Ship via A/P account

Apply to Purchases: 512.00

Quantity	Item	Description	GL Account	Unit Price	Amount	Job
8	Light	Light fixture	110000	64.00	512.00	

Other payments and credits: 0.00  
Amount paid at purchase: 0.00

512.00 Invoice total  
512.00 Net due

Vendor balance on Jan 14, 2011 0.00

2. Save to post, then close.

The transaction that follows needs to be recorded.

<i>Date</i>	<i>Transaction Description</i>
01/15/11	Two light fixtures were damaged when they were dropped on the floor by the owner, Lonnie Crosby.

Follow the steps below to make an inventory adjustment.



1. From the Inventory & Services Navigation Center, select **Inventory Adjustments**. The Inventory Adjustments window appears.
2. In the Item ID field, select lighting.
3. In the Reference field, type **LC** (Lonnie Crosby's initials).
4. Type **15** in the Date field.
5. Type **-2** in the Addjust Quantity By field. (PCA calculates the New Quantity after you enter the adjustment.)
6. In the Reason to Adjust field, type **Two damaged light fixtures**.






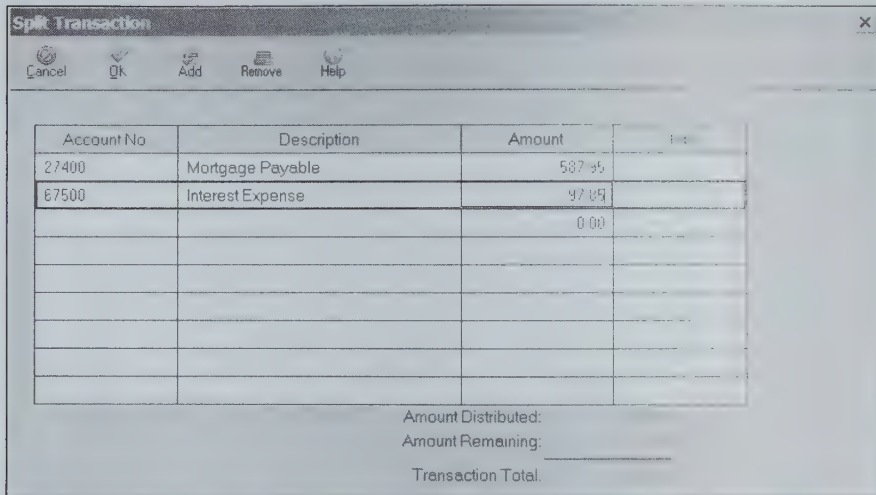
7. Click  to post, then close the Inventory Adjustments window.

### ADDITIONAL TRANSACTIONS

Record the following transactions for Samantha's Service Merchandise.

<i>Date</i>	<i>Transaction Description</i>
01/19/11	Sold two doorknobs on account to Aimee Perkins. Type <b>106</b> in the Invoice No. field. Subsequent invoices will be numbered automatically. ( <i>Hint: Select hardware as the inventory item for doorknobs. Make sure the Sales Tax field shows 24.00, or 8% of the sales amount for GA sales taxes.</i> )
01/19/11	Sold two rolls of vinyl flooring on account to Denise Canto, Invoice No. 107. There is no sales tax because merchandise is being shipped out of state.
01/19/11	Sold two pairs of curtains on account to Perry Murphy, Invoice No. 108. ( <i>Hint: Select wall as the inventory item for curtains. Remember to check Sales Tax field for 16.00 GA sales taxes.</i> )
01/20/11	Samantha's Service Merchandise completed repair work for Bernice Blair at a cost of \$75, plus 6.00 sales taxes, Invoice No. 109. ( <i>Hint: Remember to credit Account No. 40600, Service Fees.</i> )
01/23/11	Cash sales in the amount of \$1,404 (\$1,300 plus \$104, GA sales taxes) were deposited at Southern Bank: 10 pairs of curtains, \$1,000; 2 doorknobs, \$300. ( <i>Hint: Remember to select GA in the Sales Tax field.</i> )
01/24/11	Received a check in the amount of \$324 from Aimee Perkins in full payment of Invoice 106.
01/26/11	Received a check in the amount of \$216 from Perry Murphy in full payment of Invoice No. 108.
01/30/11	Issued Check No. 3039 to RIM Mortgage Co. in the amount of \$685.80. Type <b>685.80</b> in the Dollars field. To distribute

this amount between the principal amount of \$587.95 and Interest Expense of \$97.85, click .




The Split Transaction dialog box contains a table with the following data:

Account No	Description	Amount	
27400	Mortgage Payable	587.95	
67500	Interest Expense	97.85	
		0.00	

Below the table, there are three labels with input fields:

- Amount Distributed: \_\_\_\_\_
- Amount Remaining: \_\_\_\_\_
- Transaction Total: \_\_\_\_\_



Click  to accept the split transaction. These steps assume you are using the Write Checks window. (*Hint: On the Write Checks window, type 3039 in the Check number field.*)

- 01/30/11 Issued Check No. 3040 in the amount of \$500 to Lonnie Crosby.
- 01/30/11 Issued Check No. 3041 in the amount of \$500 to Samantha Currier.
- 01/30/11 Cash sales in the amount of \$2,376 (\$2,200 plus \$176, GA sales taxes) were deposited at Southern Bank: 8 doorknobs, \$1,200; 10 pairs of curtains, \$1,000. (*Remember to select GA sales taxes.*)

## PRINTING REPORTS

### 1. Print the Sales Journal.

<b>Samantha's Service Merchandise</b> <b>Sales Journal</b> <b>For the Period From Jan 1, 2011 to Jan 31, 2011</b> <small>Filter Criteria includes. Report order is by Invoice/CM Date. Report is printed in Detail Format.</small>					
Date	Account ID	Invoice/CM #	Line Description	Debit Amnt	Credit Amnt
1/6/11	23100	101	GA: Georgia Dept. of Revenue		24.00
	40000		Two doorknobs		300.00
	50000		Cost of sales	100.00	
	12000		Cost of sales		100.00
	11000		Aimee Perkins	324.00	
1/6/11	40400	102	Four rolls of vinyl flooring		640.00
	57000		Cost of sales	216.00	
	12000		Cost of sales		216.00
	11000		Denise Canto		
1/6/11	23100	103	GA: Georgia Dept. of Revenue		32.00
	40200		Four pairs of curtains		400.00
	50500		Cost of sales	120.00	
	12000		Cost of sales		120.00
	11000		Perry Murphy	432.00	
1/6/11	23100	104	GA: Georgia Dept. of Revenue		36.00
	40000		Three curtain rods		450.00
	50000		Cost of sales	150.00	
	12000		Cost of sales		150.00
	11000		Judith Piner	336.00	
1/10/11	23100	105	GA: Georgia Dept. of Revenue		3.99
	40600		Repair		49.89
	11000		Bernice Blair		
1/14/11	23100	CM103	GA: Georgia Dept. of Revenue		
	40200		Returned one pair of curtains	100.00	
	50500		Cost of sales		30.00
	12000		Cost of sales		
	11000		Perry Murphy		100.00
1/19/11	23100	106	GA: Georgia Dept. of Revenue		24.00
	40000		Two doorknobs		300.00
	50600		Cost of sales	100.00	
	12000		Cost of sales		100.00
	11000		Aimee Perkins	324.00	
1/19/11	40400	107	Two rolls of vinyl flooring		320.00
	57000		Cost of sales	108.00	
	12000		Cost of sales		108.00
	11000		Denise Canto	108.00	
1/19/11	23100	108	GA: Georgia Dept. of Revenue		16.00
	40200		Two pairs of curtains		200.00
	50500		Cost of sales	60.00	
	12000		Cost of sales		60.00
	11000		Perry Murphy	216.00	
1/20/11	23100	109	GA: Georgia Dept. of Revenue		6.00
	40600		Repair		75.00
	11000		Bernice Blair	81.00	
		<b>Total</b>		<b>3,868.88</b>	<b>3,868.88</b>

If any of your transactions do *not* agree with the Sales Journal, you



can drill-down ( ) to the original entry, make any needed corrections, then save and reprint.

## 2. Print the Cash Receipts Journal.

Samantha's Service Merchandise Cash Receipts Journal For the Period From Jan 1, 2011 to Jan 31, 2011					
Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format.					
Date	Account ID	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
1/14/11	11000 10200	Invoice 103	Invoice: 103 Perry Murphy	324.00	324.00
1/21/11	11000 10200	Invoice 101	Invoice: 101 Aimee Perkins	324.00	324.00
1/22/11	11000 10200	Invoice 104	Invoice: 104 Judith Piner	105.00	105.00
1/23/11	23100 40200 50500 12000 40000 50000 12000 10200	Cash	GA, Georgia Dept. of Revenue Ten pairs of curtains Cost of sales Cost of sales Two doorknobs Cost of sales Cost of sales Cash sales	300.00 100.00 1,404.00	1,604.00 200.00 500.00 300.00
1/24/11	11000 10200	Invoice 106	Invoice: 106 Aimee Perkins	324.00	324.00
1/26/11	11000 10200	Invoice 108	Invoice: 108 Perry Murphy	216.00	216.00
1/28/11	11000 10200	Invoice 105	Invoice: 105 Bernice Blair	53.88	53.88
1/28/11	11000 10200	Invoice 102	Invoice: 102 Denise Canto	640.00	640.00
1/29/11	23100 40200 50500 12000 10200	Cash	GA, Georgia Dept. of Revenue Two pairs of curtains Cost of sales Cost of sales Barb Wilson	60.00 216.00	16.00 200.00 60.00
1/30/11	23100 40000 50000 12000 40200 50500 12000 10200	Cash	GA, Georgia Dept. of Revenue Eight doorknobs Cost of sales Cost of sales Ten pairs of curtains Cost of sales Cost of sales Cash sales	400.00 300.00 2,376.00	1,200.00 400.00 1,000.00 300.00
				<b>7,142.88</b>	<b>7,142.88</b>

## 3. Print the Customer Ledgers.

Samantha's Service Merchandise						
Customer Ledgers						
For the Period From Jan 1, 2011 to Jan 31, 2011						
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format						
Customer ID Customer	Date	Trans No	Type	Debit Amt	Credit Amt	Balance
ap001	1/6/11	101	SJ	324.00		324.00
Aimee Perkins	1/19/11	106	SJ	324.00		648.00
	1/21/11	Invoice 101	CRJ		324.00	324.00
	1/24/11	Invoice 106	CRJ		324.00	0.00
bb002	1/10/11	105	SJ	53.88		53.88
Bernice Blair	1/20/11	109	SJ	81.00		134.88
	1/28/11	Invoice 105	CRJ		53.88	81.00
dc003	1/6/11	102	SJ	640.00		640.00
Denise Canto	1/19/11	107	SJ	320.00		960.00
	1/28/11	Invoice 102	CRJ		640.00	320.00
jp004	1/6/11	104	SJ	486.00		486.00
Judith Piner	1/22/11	Invoice 104	CRJ		105.00	381.00
pm005	1/6/11	103	SJ	432.00		432.00
Perry Murphy	1/14/11	CM103	SJ		108.00	324.00
	1/14/11	Invoice 103	CRJ		324.00	0.00
	1/19/11	108	SJ	216.00		216.00
	1/26/11	Invoice 108	CRJ		216.00	0.00
<b>Report Total</b>				<b>2,876.88</b>	<b>2,094.88</b>	<b>782.00</b>

## 4. Print the Purchase Journal and compare it to the one shown on the next page.



Samantha's Service Merchandise Purchase Journal For the Period From Jan 1, 2011 to Jan 31, 2011					
Filter Criteria includes: 1) Includes Drop Shipments Report order is by Date. Report is printed in Detail Format					
Date	Account ID Account Description	Invoice/CM #	Line Description	Debit Amount	Credit Amount
1/3/11	12000 Merchandise Inventory 20000 Accounts Payable	56JJ	restoration hardware  James Jarvis Hardware	300.00	300.00
1/14/11	12000 Merchandise Inventory 20000 Accounts Payable	112	light fixtures  Tomlinson Sales and Service	510.00	510.00
1/20/11	12000 Merchandise Inventory 20000 Accounts Payable	210	wall coverings  Ronnie Becker Fabrics	100.00	100.00
1/20/11	12000 Merchandise Inventory 20000 Accounts Payable	78JJ	restoration hardware  James Jarvis Hardware	500.00	500.00
1/20/11	12000 Merchandise Inventory 20000 Accounts Payable	90	flooring  Lester Lee Products	432.00	432.00
1/25/11	12000 Merchandise Inventory 20000 Accounts Payable	VCM90	flooring  Lester Lee Products	54.00	54.00
1/28/11	12000 Merchandise Inventory 20000 Accounts Payable	VCM78JJ	restoration hardware  James Jarvis Hardware	100.00	100.00
				2,018.00	2,018.00

5. Print the Cash Disbursements Journal and compare it to the one shown on the next page.

<b>Samantha's Service Merchandise</b> <b>Cash Disbursements Journal</b> <b>For the Period From Jan 1, 2011 to Jan 31, 2011</b>					
Filter Criteria includes: Report order is by Date Report is printed in Detail Format					
Date	Check #	Account ID	Line Description	Debit Amount	Credit Amount
1/24/11	3030	70000 10200	Maintenance Expense Dennis Allen	160 00	160 00
1/24/11	3031	73500 10200	Postage Expense U.S. Post office	41 00	41 00
1/24/11	3032	75500 10200	Supplies Expense Boulevard Office Supplies	107 65	107 65
1/24/11	3033	76000 10200	Telephone Expense SMI Phone Co	72 14	72 14
1/25/11	3034	39007 10200	Lonnie Crosby, Drawing Lonnie Crosby	500 00	500 00
1/25/11	3035	39009 10200	Samanta Curner, Drawing Samantha Curner	500 00	500 00
1/25/11	3036	59500 20000 10200	Discounts Taken Invoice: 90 Lester Lee Products	7 56 370 44	378 00
1/28/11	3037	59500 20000 10200	Discounts Taken Invoice: 78JJ James Jarvis Hardware	9 00 382 00	391 00
1/28/11	3038	59500 20000 10200	Discounts Taken Invoice: 210 Ronnie Becker Fabrics	2 40 117 60	120 00
1/30/11	3039	27400 67500 10200	Mortgage Payable Interest Expense RIM Mortgage Co.	687 86 685 80	1373 66
1/30/11	3040	39007 10200	Lonnie Crosby, Drawing Lonnie Crosby	500 00	500 00
1/30/11	3041	39009 10200	Samanta Curner, Drawing Samantha Curner	500 00	500 00
Total				3,964.59	3,964.59

## 6. Print the Vendor Ledgers.

Samantha's Service Merchandise Vendor Ledgers For the Period From Jan 1, 2011 to Jan 31, 2011							
Filter Criteria includes: Report order is by ID.							
Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
JJH06	1/3/11	56JJ	PJ			300.00	300.00
James Jarvis Hardware	1/20/11	78JJ	PJ	*		500.00	190.00
	1/28/11	VCM78JJ	PJ	*	100.00		90.00
	1/28/11	3037	CDJ		8.00	8.00	82.00
	1/28/11	3037	CDJ		400.00		318.00
LLP07	1/20/11	90	PJ	*		432.00	432.00
Lester Lee Products	1/25/11	VCM90	PJ	*	54.00		378.00
	1/25/11	3036	CDJ		7.56	7.56	370.44
	1/25/11	3036	CDJ		378.00		0.00
RBF08	1/20/11	210	PJ	*		120.00	120.00
Ronnie Becker Fabrics	1/28/11	3038	CDJ		2.40	2.40	120.00
	1/28/11	3038	CDJ		120.00		0.00
TSS09	1/14/11	112	PJ			512.00	512.00
Tomlinson Sales and Service							
<b>Report Total</b>					<b>1,069.96</b>	<b>1,881.96</b>	<b>812.00</b>

## 7. Follow these steps to print the Cost of Goods Sold Journal and the Inventory Adjustment Journal:

- From the Reports area of the Select a Report or Form window, select Inventory.
- Highlight Cost of Goods Sold Journal, then make the selections to print. Compare your printout to the one shown on the next page.

<b>Samantha's Service Merchandise</b> <b>Cost of Goods Sold Journal</b> <b>For the Period From Jan 1, 2011 to Jan 31, 2011</b>						
Filter Criteria includes: Report order is by Date. Report is printed in Detail Format and with shortened descriptions.						
Date	GL Acct I	Reference	Qty	Line Description	Debit Amount	Credit Amount
1/6/11	12000	101	2.00	Two doorknobs		100 00
	50000		2.00	Two doorknobs	100 00	
1/6/11	12000	102	4.00	Four rolls of vinyl flooring		216 00
	57000		4.00	Four rolls of vinyl flooring	216 00	
1/6/11	12000	103	4.00	Four pairs of curtains		120 00
	50500		4.00	Four pairs of curtains	120 00	
1/6/11	12000	104	3.00	Three curtain rods		150 00
	50000		3.00	Three curtain rods	150 00	
1/14/11	12000	CM103	-1 00	Returned one pair of curtains	30 00	
	50500		-1 00	Returned one pair of curtains		30 00
1/19/11	12000	106	2.00	Two doorknobs		100 00
	50000		2.00	Two doorknobs	100 00	
1/19/11	12000	107	2.00	Two rolls of vinyl flooring		108 00
	57000		2.00	Two rolls of vinyl flooring	108 00	
1/19/11	12000	108	2.00	Two pairs of curtains		60 00
	50500		2.00	Two pairs of curtains	60 00	
1/23/11	12000	Cash	10.00	Ten pairs of curtains		300 00
	50500		10.00	Ten pairs of curtains	300 00	
	12000		2.00	Two doorknobs		100 00
	50000		2.00	Two doorknobs	100 00	
1/29/11	12000	Cash	2.00	Two pairs of curtains		60 00
	50500		2.00	Two pairs of curtains	60 00	
1/30/11	12000	Cash	8.00	Eight doorknobs		400 00
	50000		8.00	Eight doorknobs	400 00	
	12000		10.00	Ten pairs of curtains		300 00
	50500		10.00	Ten pairs of curtains	300 00	
<b>Total</b>					<b>2,044.00</b>	<b>2,044.00</b>

- c. Highlight the Inventory Adjustment Journal, then make the selections to print.

<b>Samantha's Service Merchandise</b> <b>Inventory Adjustment Journal</b> <b>For the Period From Jan 1, 2011 to Jan 31, 2011</b>						
Filter Criteria includes: Report order is by Date. Report is printed in Detail Format and with shortened descriptions.						
Date	GL Acct ID	Reference	Qty	Line Description	Debit Amount	Credit Amount
1/15/11	12000	LC	-2 00	lighting		128.00
	57050		-2.00	two damaged light fixtures	128.00	
<b>Total</b>					<b>128.00</b>	<b>128.00</b>

## 8. Print the Inventory Profitability Report.

Samantha's Service Merchandise Inventory Profitability Report For the Period From Jan 1, 2011 to Jan 31, 2011						
Filter Criteria Includes: 1) Stock/Assembly. Report order is by ID. Report is printed with shortened descriptions						
Item ID Item Description	Units Sold	Sales(\$)	Cost(\$)	Gross Profit(\$)	Gross Profit(%)	% of Total
001hardware hardware	17.00	2,550.00	850.00	1,700.00	66.67	40.23
002wall wall	27.00	2,700.00	810.00	1,890.00	70.00	44.10
003floor floor	6.00	960.00	324.00	636.00	66.25	11.10
004lights lighting						
	50.00	6,210.00	1,984.00	4,226.00		100.00

## 9. Print the General Ledger Trial Balance.

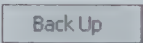
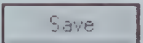

Samantha's Service Merchandise General Ledger Trial Balance As of Jan 31, 2011			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.			
Account I	Account Description	Debit Amt	Credit Amt
10200	Southern Bank	75,536.25	
10400	Wells Savings & Loan	20,000.00	
11000	Accounts Receivable	782.00	
12000	Merchandise Inventory	27,338.00	
13000	Supplies	1,750.00	
14000	Prepaid Insurance	2,400.00	
15000	Furniture and Fixtures	5,000.00	
15100	Computers & Equipment	7,500.00	
15500	Building	100,000.00	
20000	Accounts Payable		812.00
23100	Sales Tax Payable		429.96
27000	Long-Term Notes Payable		20,500.00
27400	Mortgage Payable		74,412.05
39006	Lonnle Crosby, Capital		71,195.00
39007	Lonnle Crosby, Drawing	1,000.00	
39008	Samanta Currier, Capital		71,195.00
39009	Samanta Currier, Drawing	1,000.00	
40000	Sales-Hardware		2,650.00
40200	Sales-Wall		2,700.00
40400	Sales-Floor		960.00
40600	Service Fees		124.89
50000	Cost of Sales-Hardware	850.00	
50500	Cost of Sales-Wall	810.00	
57000	Cost of Sales-Floor	324.00	
57050	Cost of Sales-Lights	128.00	
59500	Purchase Discounts		17.96
67500	Interest Expense	97.85	
70000	Maintenance Expense	160.00	
73500	Postage Expense	41.00	
75500	Supplies Expense	107.65	
76000	Telephone Expense	72.14	
	Total:	244,896.89	244,896.89



## BACKING UP CHAPTER 14 DATA

If your reports agree with the ones shown, make a backup of Chapter 14 data. If your printouts do not agree with the ones shown, make the necessary corrections.

Follow the steps below to back up Chapter 14 data.

1. From the Company Navigation Center, link to Back up.
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 14** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 7.38MB, click . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 14.
6. Continue or click File; Exit to exit Peachtree.
7. Exit PCA or continue.

## EXPORT REPORTS TO EXCEL

1. Export the following Peachtree reports to Excel:
  - Customer Ledgers
  - Vendor Ledgers
  - Cost of Goods Sold Journal
  - Inventory Adjustment Journal
  - Inventory Profitability Report
  - General Ledger Trial Balance

Check with your instructor to see if he or she also wants you to include the following journals to this Excel file: Purchase Journal,

Cash Disbursements Journal, Sales Journal, and Cash Receipts Journal.

- If needed, refer to pages 487-489 for detailed steps to add multiple sheets to one Excel file. Use the file name **Chapter 14\_CL\_VL\_CGSJ\_I AJ\_IPR\_GLTB.xlsx**.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 14. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 3 Internet Activities for Chapter 12-15. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	Complete the Beta Alpha Psi-Chapter 14 exercise. Read steps 1 and 2 Beta Alpha Psi is an honorary organization for Financial Information students and professionals.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

- Going to the Net, page 580
- Short-Answer Questions, pages 580-582
- Exercises 14-1 and 14-2, pages 582-583
- Assessment rubric, page 584
- Analysis Question, page 584
- Chapter 14 Index, page 585

**GOING TO THE NET**

Access the Small Business Knowledge Base website at <http://www.bizmove.com/finance/m3d3.htm>. Scroll down the window to Merchandise Inventories: Perpetual Inventory. (Hint: To find areas on the website, use <Ctrl+F>.) Answer these questions about perpetual inventory.

1. What is a perpetual inventory at retail?
2. When is a physical count of inventory necessary?

**Short-Answer Questions:** Write an answer to each question in the space provided.

1. Identify and explain the three-step process for tracking inventory.

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2. Explain how PCA uses a perpetual inventory system.

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3. Define the term merchandise inventory.

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4. Explain the terms Average Cost, LIFO and FIFO.

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5. What do Invoice Nos. 106, 107, and 108 show? Identify to whom the merchandise was sold, what was purchased, and the amount of the invoice.

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6. What are the journal entries for the following transactions when a perpetual inventory system is used: Purchased four pairs of curtains from Ronnie Becker Fabrics at \$30 each? Sold four pairs of curtains to Perry Murphy for \$400?

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7. What kind of invoice is No. 109? Identify this transaction and the amount.
- 
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**Exercise 14-1:** You must complete Exercises 12-1, 12-2, 13-1, and 13-2 before starting Exercise 14-1.

1. Start PCA. Open the company that you set up in Exercise 12-1, Your Name Sales & Service.
  2. Restore the data that you backed up in Exercise 13-2. (This backup was made on page 552.) To make sure you are starting in the right place, display Exercise 13-2's general ledger trial balance (step 7, page 552).
  3. Make the following inventory purchase.  

01/27/11    Cal Phelps Tools sent Invoice No. 732CP for the purchase of 8 tool kits for a unit cost of \$30.
  4. Make the following inventory adjustment:  

01/28/11    Two tool kits purchased from Cal Phelps Tools on 1/27/11 were accidentally damaged by the owner. (*Hint:* Use your initials.)
  5. Complete the following additional transactions:  

01/29/11    Received check in the amount of \$972 from Rene Nelson in payment of Invoice No. 103.

01/30/11    Cash Sales in the amount of \$4,752, (\$4,400 plus \$352, GA sales taxes) were deposited at First Bank: 20 tool kits, \$1,700; 18 hardware sets, \$2,700.
  6. Make a backup of Exercise 14-1. (Use **Exercise 14-1** as the file name.)
-



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**Exercise 14-2:** Follow the instructions below to complete Exercise 14-2.

1. Print the Cash Receipts Journal.
2. Print the Purchase Journal.
3. Print the Cost of Goods Sold Journal.
4. Print the Inventory Adjustment Journal.
5. Print the Inventory Profitability Report.
6. Print the General Ledger Trial Balance.

**Check Your Figures:**

10200, First Bank:	\$68,474.63
11000, Accounts Receivable	0.00
12000, Merchandise Inventory	13,250.00
23100, Sales Tax Payable	545.20
50000, Cost of Sales-Hardware	1,450.00
50500, Cost of Sales-Tools	930.00
59500, Purchase Discounts	12.80

7. Export the following reports to Excel.
  - a. Cash Receipts Journal
  - b. Purchase Journal
  - c. Cost of Goods Sold Journal
  - d. Inventory Adjustment Journal
  - e. Inventory Profitability Report
  - f. General Ledger Trial Balance
8. Save the Excel file as **Exercise 14-2\_CRJ\_PJ\_CGSJ\_I AJ\_IPR\_GLTB.xlsx**.
9. There is no need to backup Exercise 14-2. The Exercise 14-1.ptb file has the data needed to print Exercise 14-2's reports.

**ASSESSMENT RUBRIC**

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 14, Assessment Rubric link.

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
1/28	Two tool kits purchased from Cal Phelps Tools on 1/27 were damaged by the owner.			
1/30	Cash sales in the amount of \$4,752, (\$4,400 plus \$352 sales taxes) were deposited at First Bank: 20 tool kits, \$1,700; 18 hardware sets \$2,700.			

**ANALYSIS QUESTION**

Which one of Samantha's Service Merchandise inventory items shows the highest gross profit percentage? Why?

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# Chapter 15

## Employees, Payroll, and Account Reconciliation

### LEARNING OBJECTIVES

1. Restore data from Chapter 14. (This backup was made on page 578.)
2. Complete the Payroll Setup Wizard.
3. Copy the TAXTABLE.DAT file.
4. Enter employee and employer default information.
5. Journalize and post Payroll Journal entries.
6. Print paychecks.
7. Reconcile the Southern Bank bank account and the Payroll Checking Account.
8. Compare the vendor ledgers, customer ledgers, and inventory valuation report to the associated general ledger accounts.
9. Print the financial statements.
10. Export reports to Excel.
11. Make four backups and save two Excel files.

In accounting you learn that employees and employers are required to pay local, state, and federal payroll taxes. Employers must withhold taxes from each employee's paycheck. The amount withheld for federal taxes is determined from tax tables published by the Internal Revenue Service (IRS). Circular E, Employer's Tax Guide, is available from the IRS. It shows the applicable tax tables and forms that are necessary for filing employee payroll information. PCA has payroll tax tables built into the software. In this chapter you learn how to access and use the payroll tax tables.

The amount withheld also depends on the employee's earnings and the number of **exemptions** or **withholding allowances** claimed by the employee. The number of withholding allowances usually includes one for the employee, one for the employee's spouse, and one for each dependent.



Also deducted from employees' paychecks are **FICA taxes** or social security taxes. This deduction from wages provides qualified workers who retire at age 62 or older with monthly payments from the federal government. The retiree also receives medical benefits called **Medicare** after reaching age 65. In addition to these retirement benefits, social security also provides payments to the surviving family of a qualified deceased worker.

By January 31 of each year employers are required to issue **W-2 Forms** to employees and to the Internal Revenue Service. The W-2 Form is an annual report of the employee's wages subject to FICA and federal income tax and shows the amounts that were withheld.

In PCA, the employee's W-2 Form shows the Federal Income Tax, State Income Tax, Social Security, and Medicare withheld. In 2011, yearly income up to \$106,800 is subject to the social security portion of the FICA tax. FICA is actually two taxes—the Social Security portion and the Medicare portion.

In 2011, the maximum taxable earnings subject to social security taxes is the same as 2009 and 2010, \$106,800. Monthly Social Security and Supplemental Security Income benefits did not automatically increase in 2011 because there was no increase in the Cost of Living Adjustment (COLA). For this reason, the 2009, 2010 and 2011 maximum earnings subject to social security taxes are the same. For additional information, refer to this website [www.imercer.com/content/social\\_security\\_figures.aspx](http://www.imercer.com/content/social_security_figures.aspx).

Here is a look at the maximum taxable earnings subject to social security taxes over the last five years.

2011: \$106,800  
2010: \$106,800  
2009: \$106,800  
2008: \$102,000  
2007: \$97,500

There is no income limit on amounts subject to the Medicare tax. The FICA tax percentage for social security is 6.20%; the percentage for Medicare, 1.45%, for a total of 7.65%. These percentages are only half of the total tax. The employee pays 7.65% and the employer pays 7.65% for a total of 15.3%.

Employees may also voluntarily deduct other amounts from wages. These voluntary deductions include: charitable contributions, medical insurance premiums, U.S. savings bonds, or union dues.

It is the purpose of this chapter to show you how to use PCA to enter payroll default information, add employees, make journal entries for payroll, and to print the various payroll reports. Once you set up the default information and employee information, PCA automates the payroll process.

You establish the following default information for processing payroll:

1. The cash account that is credited when disbursing paychecks.  
Samantha's Service Merchandise credits Account No. 10300, Payroll Checking Account.
2. The accounts that comprise the employee's fields.
3. The accounts that comprise the employer's fields.
4. The payroll fields that go on the W-2 form.
5. The employee-paid taxes.
6. The employer-paid taxes.

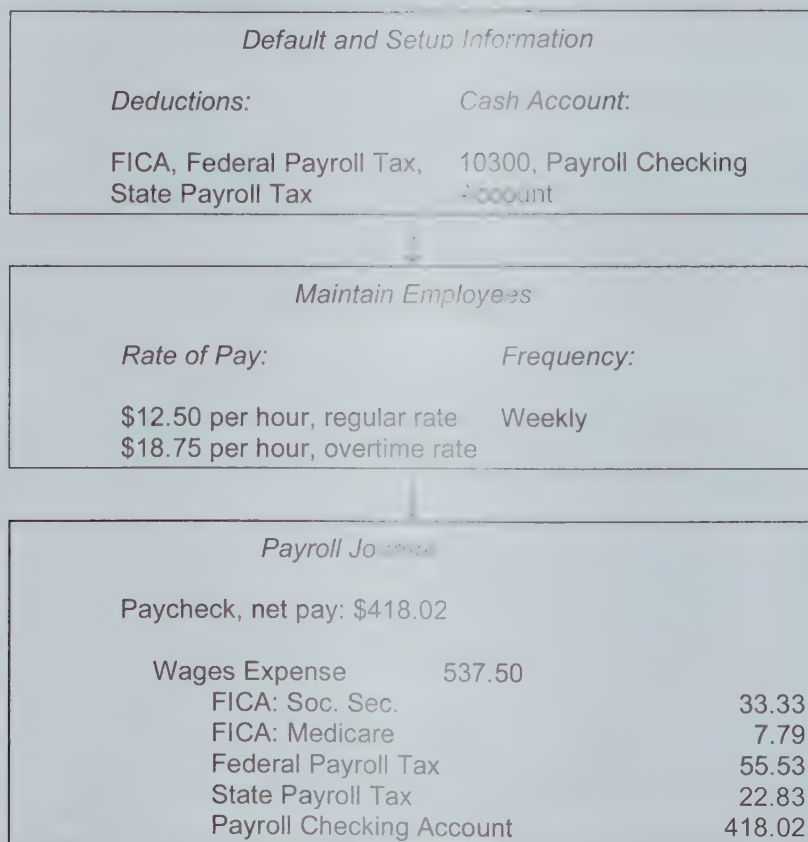
At the Maintain Employees level, you enter the following types of information:

1. The employee name, address, telephone number, and information from the Employee's Withholding Allowance Certificate, Form W-4.
2. Information about employee pay: hourly, salaried, and amount.
3. The tax filing status of the employee for federal, state, and local purposes, including withholding allowances.

If you use Peachtree's user-maintained payroll for Georgia, the payroll tax withholdings are calculated automatically. (Information for copying Georgia's payroll tables are shown on pages 592-596.) All you need to do is select the employee you want to pay, date the paycheck and pay

period, and post the paycheck. For a yearly fee, Peachtree's payroll tax service offers the appropriate state's payroll tax amounts. For more information, go online to Peachtree's website at [www.peachtree.com/productsServices/payroll-solutions/](http://www.peachtree.com/productsServices/payroll-solutions/).

The diagram on the below shows you the steps for setting up and using PCA's payroll system.

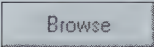
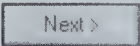
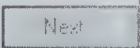





## GETTING STARTED

Follow these steps to start PCA:

1. Start Peachtree. Open Samantha's Service Merchandise. If you used a unique name, select it. (*Hint: If a different company opens, select File; Open Previous Company.*)

2. Restore the Chapter 14.ptb file. This backup was made on page 578.

- a. From the Company Navigation Center, link to Restore. (If necessary put external media in the appropriate drive.)<sup>1</sup>
- b. The Select Backup File window appears. (If necessary, click . In the Look in field, select the appropriate location of the Chapter 14.ptb file. This backup was made on page 578.) Make sure the Location field on the Select Backup File window shows the Chapter 14.ptb file. Click .
- c. The Select Company window appears. The radio button next to An Existing Company is selected. Check that the Company Name and Location fields are correct. Click .
- d. The Restore Options window appears. Make sure that the box next to Company Data is *checked*. Click .
- e. The Confirmation window appears. Check the From and To fields to make sure they are correct. Click . When the Restore Company scale is 100% complete, your data is restored. If necessary, remove the external media.

 To make sure you are starting in the appropriate place in the data (Chapter 14.ptb backup) display the General Ledger Trial Balance. The trial balance shown on the next page is also shown in Chapter 14 on page 577.

---

<sup>1</sup>You can restore from your back up file even if *no* Peachtree company exists. From Peachtree's start up window, select File; Restore. Select the location of your backup file. On the Restore Wizard's Select Company window, select A New Company. The *A New Company* selection allows you to restore your backup data, bypassing the process of new company set up. For more information, refer to Chapter 9, Troubleshooting on page 302-303.



Samantha's Service Merchandise General Ledger Trial Balance As of Jan 31, 2011			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.			
Account I	Account Description	Debit Amt	Credit Amt
10200	Southern Bank		
10400	Wells Savings & Loan		
11000	Accounts Receivable	762.00	
12000	Merchandise Inventory	27,338.00	
13000	Supplies	1,750.00	
14000	Prepaid Insurance	2,400.00	
15000	Furniture and Fixtures	5,000.00	
15100	Computers & Equipment	7,800.00	
15500	Building	122,000.00	
20000	Accounts Payable		812.00
23100	Sales Tax Payable		429.99
27000	Long-Term Notes Payable		20,500.00
27400	Mortgage Payable		74,412.05
39006	Lonnie Crosby, Capital		71,195.00
39007	Lonnie Crosby, Drawing	1,000.00	
39008	Samanta Currier, Capital		71,195.00
39009	Samanta Currier, Drawing	1,000.00	
40000	Sales-Hardware		2,550.00
40200	Sales-Wall		2,700.00
40400	Sales-Floor		960.00
40600	Service Fees		124.89
50000	Cost of Sales-Hardware	850.00	
50500	Cost of Sales-Wall	810.00	
57000	Cost of Sales-Floor	324.00	
57050	Cost of Sales-Lights	128.00	
59500	Purchase Discounts		17.96
67500	Interest Expense	97.85	
70000	Maintenance Expense	160.00	
73500	Postage Expense	41.00	
75500	Supplies Expense	107.65	
76000	Telephone Expense	72.14	
	<b>Total:</b>	<b>244,896.89</b>	<b>244,896.89</b>

## COPYING THE TAXTABLE.DAT FILE

In this chapter, you record payroll transactions for the month of January 2011. In Peachtree, payroll formulas can be entered manually. Payroll formulas that are entered manually are called **user-maintained payroll tables**. Once the payroll formulas are recorded, the Payroll Entry window calculates employee and employer withholdings automatically.

The payroll formulas for Georgia have already been entered. In Chapter 4, you looked at Bellwether Garden Supply's payroll. In this chapter, you



use those payroll formulas to complete payroll for Samantha's Service Merchandise.

*Before you copy the Taxtable.dat file, check with your instructor to make sure you should do this.* If your instructor does not want you to copy the Taxtable.dat file, you can enter payroll withholdings manually on the Payroll Entry window. Manual payroll entries are shown on the Payroll Entry window, pages 614 and 617.

1. Samantha's [or your name] Service Merchandise should be open.
2. Go to Maintain; Company Information. Write down the Directory field here:

**Maintain Company Information**

Cancel OK Help

Company Name: Samantha's Service Merchandise

Address: 125 Peachtree Blvd

City, ST Zip: Atlanta GA 30301

Country: USA

Telephone: 404-555-9900 Web Site: www.samanthaservmdse.biz

Fax: 404-555-9902 E-mail: info@samanthaservmdse.biz

State Employer ID: 71-7789219 Fed Employer ID: 85-2138997

State Unemployment ID: 343490-4 Form of Business: Partnership

Directory: C:\Sage\Peachtree\Company\samserme

Posting Method: Real-time Accounting Method: Accrual

Direct Deposit: Inactive

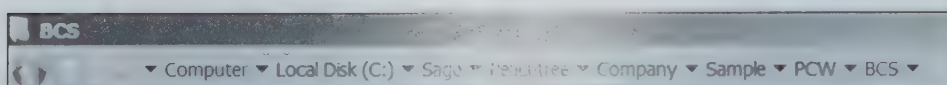
Peachtree Managed Payroll: Inactive

The default directory (on Windows 7) for Samantha's Service Merchandise is C:\Sage\Peachtree\Company\samserme. The shortened company name for Samantha's Service Merchandise is \samserme. If you used your name, the shortened company name that Peachtree assigns differs. (*Hint: If you are using XP or Vista, your Directory field differs; refer to page xviii.*)

3. Close the Maintain Company Information window.
4. Exit Peachtree.

Follow these steps for copying the TAXTABLE.DAT file from Bellwether Garden Supply's directory to Samantha's [your name] Service Merchandise directory.

1. Right-click on the Start button; select All Programs > Windows Explorer. Locate the directory for Bellwether Garden Supply. The default directory on Windows 7 computers is C:\Sage\Peachtree\Company\Sample\PCWBCS. (Your program and data path may differ. See Appendix A.)
2. Double-click the BCS folder to open it.



3. Scroll down to the TAXTABLE.DAT file.

TAXTABLE.DAT	3/13/2011 9:34 AM	DAT File	132 KB
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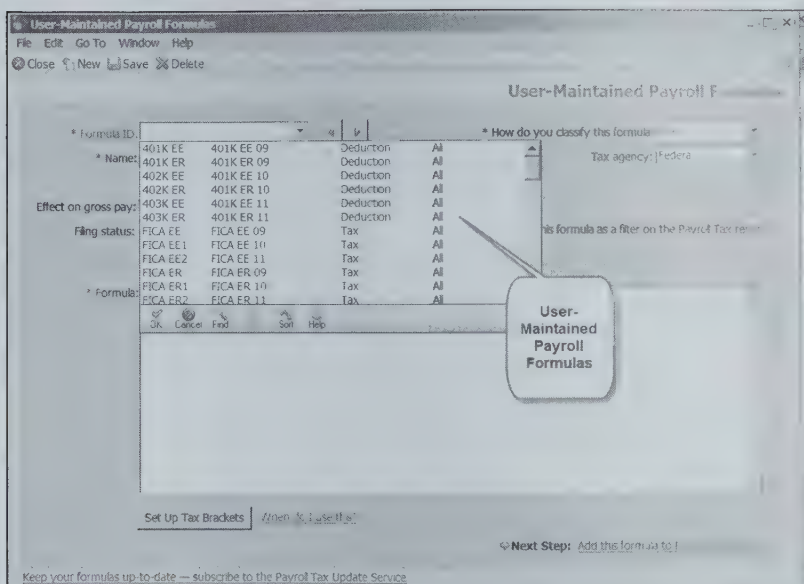
4. Copy/Paste the TAXTABLE.DAT file into Samantha's [your name] Service Merchandise directory. In other words, go to C:\Sage\Peachtree\Company\Samserme [or your shortened company name], and copy the file to that location.
5. When the Copy File window appears saying There is already a file with the same name in this location, select Copy and Replace. (In XP, the Confirm File Replace window appears saying This folder already contains a file named 'TAXTABLE.DAT'; select Yes.)
6. Start Peachtree. Open Samantha's [your name] Service Merchandise.

### User-Maintained Payroll Tables

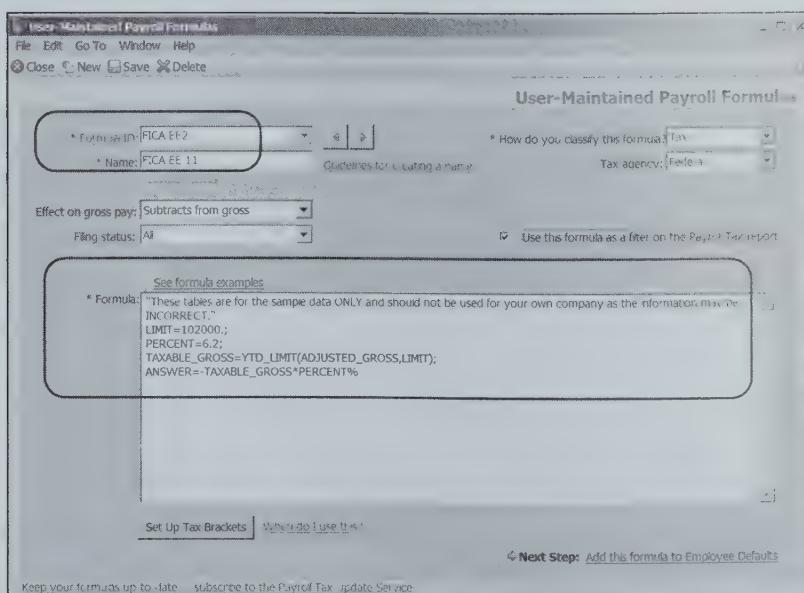
Follow these steps to see the user-maintained payroll formulas.

1. From the menu bar, select File > Payroll Formulas, User-Maintained. The User-Maintained Payroll Formulas window appears.

- Click on the down-arrow in the Formula ID field. Observe that withholdings for 11 (for example, FICA EE 11, which is 2011) appear.



- Select FICA EE2, FICA EE 11 to see the formula examples.



NOTE: "These tables are for sample data ONLY and should not be used for your own company as the information may be INCORRECT."

4. Select other Formula IDs to see them. When through, close the User-Maintained Payroll Formulas window.

For purposes of using automatic payroll withholdings, the example tables for Georgia are used in Chapter 15. *Steps 2 and 3* on page 595 verify that you copied the user-maintained tax tables for Georgia.

If you did *not* copy the TAXTABLE.DAT file into your company's directory, you can also record payroll taxes manually. Instructions for manually entering payroll are provided later in this chapter on pages 614-617.

### Establishing the Payroll Account

In order to establish the payroll checking account, transfer funds from Southern Bank (Account No. 10200) to the Payroll Checking Account (Account No. 10300). Journalize and post the following General Journal transaction:

Date	Transaction Description
01/05/11	Samantha's Service Merchandise transferred \$6,500 from Account No. 10200, Southern Bank, to Account No. 10300, Payroll Checking Account.

After posting this general journal entry, display the general journal. (Hint: Click on Reports & Forms; General Journal, Display.)

Samantha's Service Merchandise					
General Journal					
For the Period From Jan 1, 2011 to Jan 31, 2011					
Filter Criteria includes: Report order is by Date. Report is printed with Accounts having Zero Amounts and with shortened descriptions and in Detail Format.					
Date	Account I	Reference	Trans Description	Debit Amt	Credit Amt
1/5/11	10300		Payroll Checking Account	6,500.00	
	10200		Southern Bank		6,500.00
			Total	6,500.00	6,500.00

Close the General Journal window and the Select a Report or Form window.





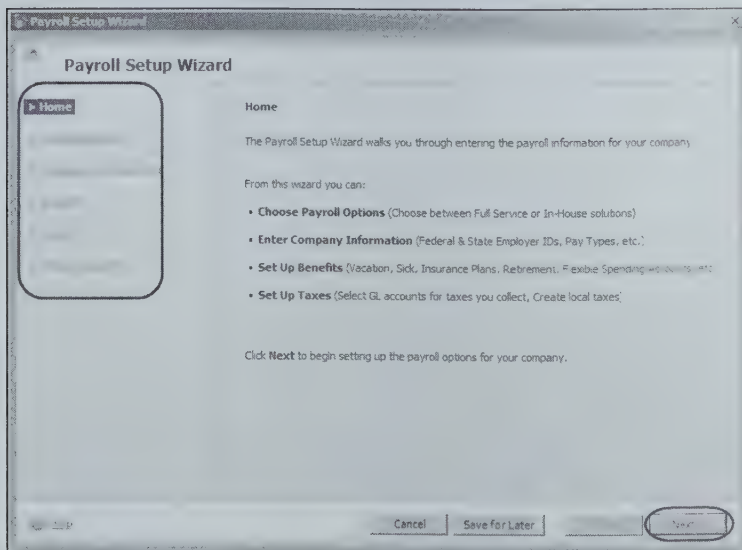
## PAYROLL SETUP WIZARD

The Payroll Setup wizard walks you through setting up most payroll defaults and standard payroll fields. As you answer the prompts in the wizard, Peachtree creates most of the common payroll fields used in calculating deductions and taxes.

The Peachtree Payroll Setup Wizard establishes the following:

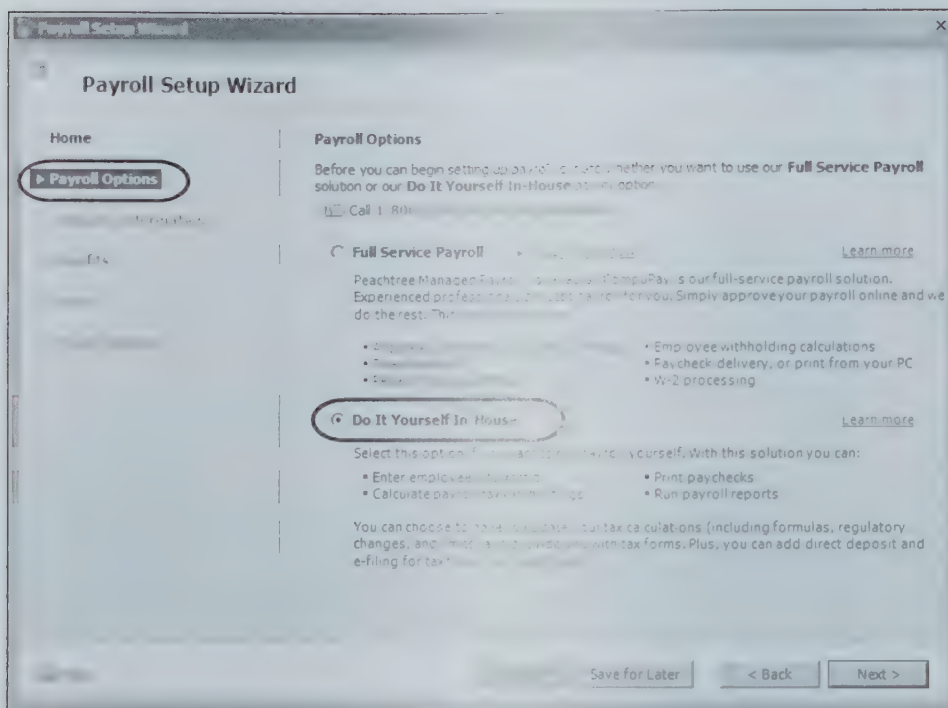
- State and locality defaults
- State unemployment percentage
- Common federal and state payroll fields for employee-paid and company-paid taxes
- General ledger account defaults for payroll fields
- Optional payroll fields for tips, meals, 401K contributions, etc.

1. From the Navigation Bar, select  **Employees & Payroll**, .

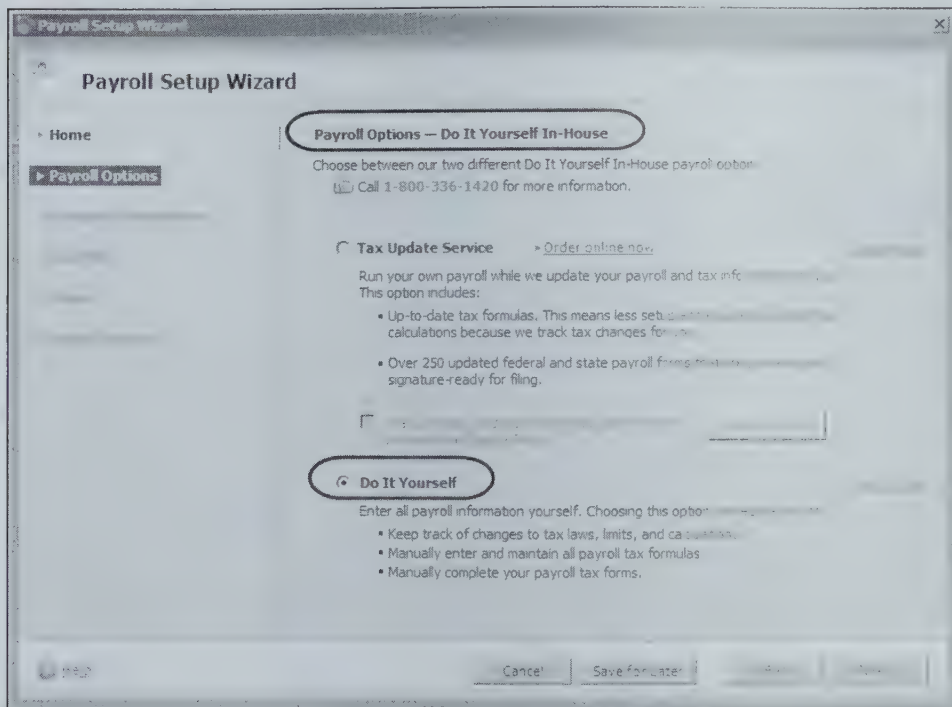




- Click **Next >**. Payroll Options is selected. Read the information. Accept the default for Do It Yourself In House.



- Click **Next >**. The Payroll Options - Do It Yourself In-House window appears. Select Do It Yourself.



4. Click **Next >**. Read the Other Payroll Options, Direct Deposit, and E-Filing areas. Then click **Next >**. Company Information is selected. The Federal Employer ID, State Employer ID, State (GA), Unemployment ID, and State Unemployment Rate fields are automatically completed. These fields agree with the company information entered on page 437 in Chapter 12. The Georgia Administration Assessment Tax rate is shown and No is selected for Do you want to record employee means and tips.

The screenshot shows the 'Payroll Setup Wizard' window. The title bar says 'Payroll Setup Wizard'. Inside, there's a navigation pane on the left with 'Home', 'Payroll Options', and 'Company Information' (which is selected and highlighted with a red circle). The main area is titled 'Company Information' and contains a form with the following fields: 'Company name', 'Federal Employer ID', 'State Employer ID', 'State Unemployment', 'State Unemployment Rate', and 'Georgia Administrative'. Below these fields is a checkbox labeled 'Do you want to...'. At the bottom right, there are three buttons: 'Save for Later', '< Back', and 'Next >'. A red circle highlights the 'Next >' button. A small note at the bottom right says '= required field'.

5. Click Next >. Pay Types is displayed. In the Overtime field, select Account No. 77600, Overtime Expense. Check this window carefully. It is shown on the next page. Account No. 77500 – Wages Expense is shown for Hourly and Salary regular pay types. Account No. 77600 – Overtime Expense for Overtime.

**Payroll Setup Wizard**

**Pay Types**

Enter the pay types (types of compensation offered to employees) and GL accounts you want to use to pay both hourly and salaried employees.

You can change the names and GL accounts of the pay types at any time. You can also change the GL account for individual employees at any time.

**Hourly**

Pay Type	GL Account Number
Regular	77500 - Wages Expense
<b>Overtime</b>	<b>77600 - Overtime Expense</b>
Rate3	
Rate4	

**Salary**

Pay Type	GL Account Number
Salary1	77500 - Wages Expense
Salary2	
Salary3	
Salary4	

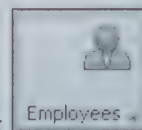
Select Account No. 77600. Overtime Expense

Cancel Save for Later Next >

6. Click **Next >**. The Benefits window appears. Do not make any selections. Click **Next >** to continue.
7. The Payroll Taxes window appears. Observe that the Tax liability acct no. (23400) and Tax Expense acct no. (72000) is selected. To accept these defaults, click **Next >**.
8. The Setup Complete window appears, click **Finish**. After completing employee defaults in the next section, you return to the Payroll Setup Wizard to assign employee and company-paid tax fields.

## ENTERING EMPLOYEE AND EMPLOYER DEFAULT INFORMATION

Follow these steps to enter employee and employer default information:



1. From the Employees & Payroll Management Center, click **Employees**; Set Up Employee Defaults. The Employee Defaults window displays. In the Employee Defaults window, press on the account numbers that serve as the basis for payroll withholding.

There are five tabs:

- General
  - Employee Fields
  - Company Fields
  - Revue Ratings
  - Employment Status
2. Select the Employee Fields tab
  3. The Fed\_Income line shows the FICA G/L Account as 23400 (Federal Payroll Taxes Payable, FICA Account No. 23400, Federal Payroll Taxes Payable, is the correct account for the Fed Income line.
  4. Click on the G/L Account field for FICA Sec and select Account No. 24000, FICA Employee Taxes Payable.
  5. Click on the G/L Account field for MEDICARE and select Account No. 24200, Medicare Employee Taxes Payable.
  6. Click on the G/L Account field for St\_Income and select Account No. 23600, State Payroll Taxes Payable.



Employee Defaults

Why should I set up these defaults?

General Employee Fields Company Fields Review Ratings

Field Name	G/L Account	Calc	Formula	Amount	Memo	Run	Adjust
Fed_Income	23400	<input checked="" type="checkbox"/>	FIT		<input type="checkbox"/>	<input type="checkbox"/>	▶
Soc_Sec	24000	<input checked="" type="checkbox"/>	FICA EE		<input type="checkbox"/>	<input type="checkbox"/>	▶
MEDICARE	24200	<input checked="" type="checkbox"/>	MEDICARE		<input type="checkbox"/>	<input type="checkbox"/>	▶
St_Income	23600	<input checked="" type="checkbox"/>	**SIT		<input type="checkbox"/>	<input type="checkbox"/>	▶
		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	

- Do you need to add a new benefit or deduction? [Tell me how](#)
- What are the [Memo](#) and [Run](#) columns?
- Rows that are disabled on this screen can be edited in [Payroll Settings](#).

7. Click on the Company Fields tab. Change the following account numbers:

	Liability Column	Expense Column
Soc_Sec_C	24100, FICA Employer Taxes Payable	72510, FICA Expense
Medicare_C	24400, Medicare Employer Taxes Payable	72520, Medicare Expense
Fed_Unemp_C	23500, FUTA Tax Payable	72530, FUTA Expense
State_Unemp_C	23700, SUTA Payable	72540, SUTA Expense
St2_Unemp_C	23755, SUTA2 Payable	72545, SUTA2 Expense

Compare your Employee Defaults/Company Fields window, to the one shown on the next page. Make sure the Liability and Expense accounts are correctly selected.

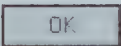
**Employee Defaults**

Why should I set up these defaults?

General | **Employee Fields** | **Company Fields** | Review Ratings | Employment Status

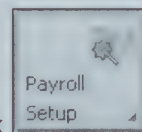
Field Name	Liability	Expense	Calc	Formula
Soc_Sec_C	24100	72510	<input checked="" type="checkbox"/>	FICA ER
Medicare_C	24400	72520	<input checked="" type="checkbox"/>	MEDICARE
Fed_Unemp_C	23500	72530	<input checked="" type="checkbox"/>	Fed Unemp
St_Unemp_C	23700	72540	<input checked="" type="checkbox"/>	St Unemp
St2_Unemp_C	23755	72545	<input checked="" type="checkbox"/>	St2 Unemp
			<input type="checkbox"/>	
			<input type="checkbox"/>	
			<input type="checkbox"/>	
			<input type="checkbox"/>	

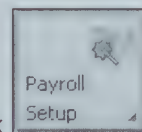
• Do you need to add a new benefit or deduction?  
 • Rows that are disabled on this screen can be edited in

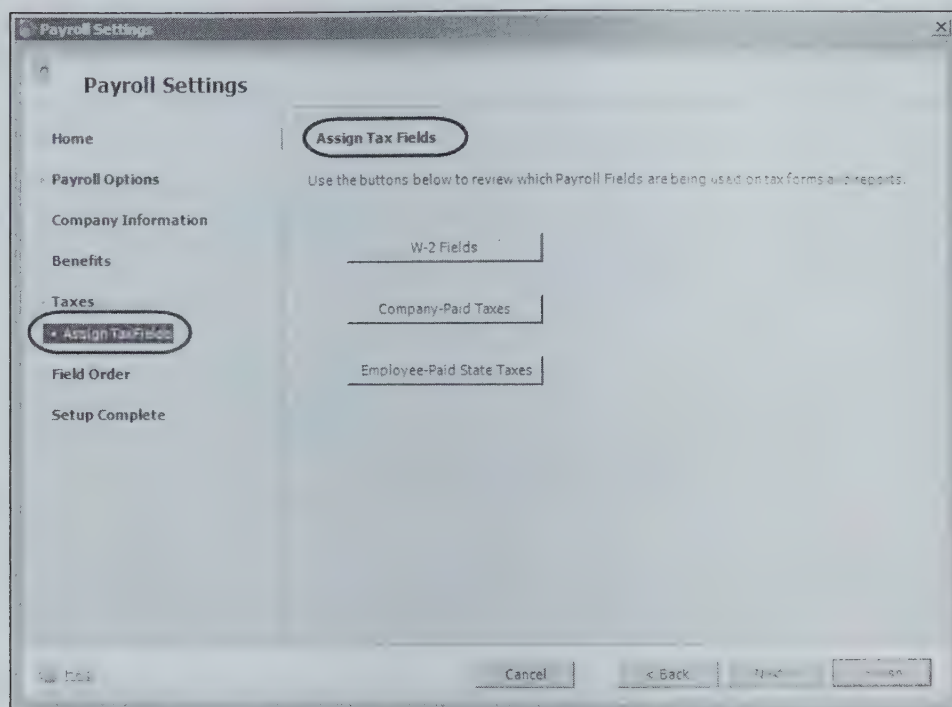
8. Click  to save your changes and return to the menu bar.


## COMPLETING PAYROLL SETUP

After completing the initial payroll setup and entering employee defaults, the next step is to use the Payroll Setup Wizard to assign tax fields. Follow these steps to do that.



1. From the Employees & Payroll Navigation Center, click , Payroll Setup Wizard. On the left pane select Taxes. Then, select Assign Tax Fields.



2. The Assign Tax Fields Taxes window appears. There are three buttons: W-2 Fields, Company-Paid Taxes, and Employee-Paid State Taxes. Click . The Assign Tax Fields for W-2s window appears. These selections appear. (If not, select them.)

Federal income tax withheld:	Fed_Income
Social Security tax withheld:	Soc_Sec
Medicare tax withheld:	MEDICARE
State income tax:	St_Income

Compare your Assign Tax Fields for W-2s window to the one shown on the next page.

For each tax field, click the Payroll field you want to use in this window. To leave a field blank, choose None.

Field on W-2:	Payroll Field:
Federal income tax withheld:	Fed_Income
Social Security tax withheld:	Soc_Sec
Medicare tax withheld:	MEDICARE
Social Security tips:	None
Allocated tips:	None
Advance EIC payment:	None
Dependent care benefits:	None
Nonqualified plans:	None
State income tax:	St_Income
Local income tax:	None

W-2 Box 12

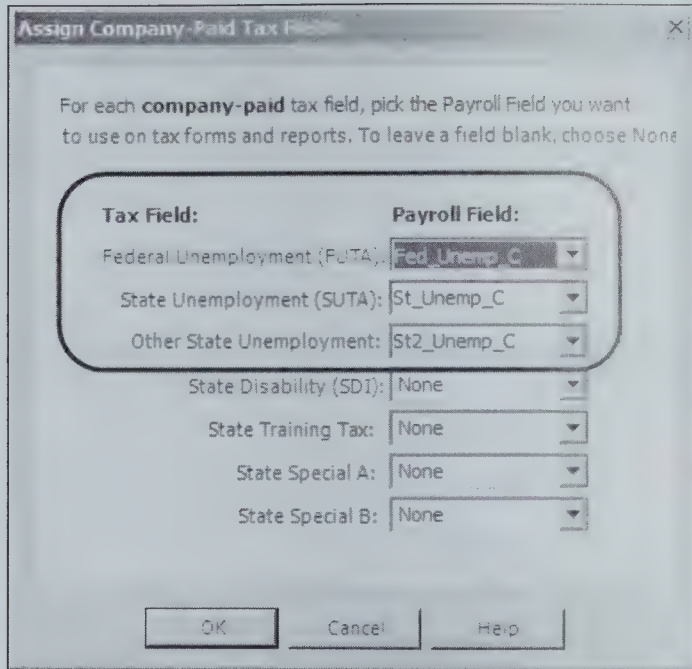
W-2 Box 14: Other

OK Cancel Help

3. Click . You are returned to the Assign Tax Fields window.
4. Click . The Assign Company-Paid Tax Fields window appears. These selections appear. (If not, select them.)

Federal Unemployment (FUTA):	Fed_Unemp_C
State Unemployment (SUTA):	St_Unemp_C
Other State Unemployment:	St2_Unemp_C

The Assign Company-Paid Tax Fields window is shown on the next page. Check each field.

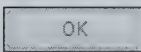


**Assign Company-Paid Tax Fields**

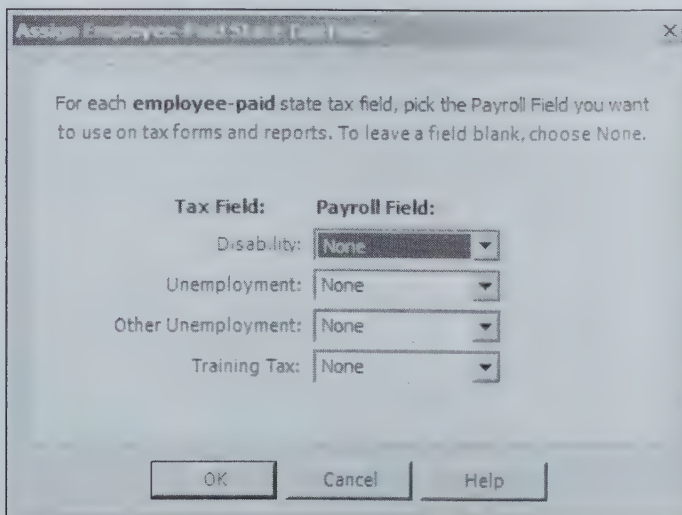
For each **company-paid** tax field, pick the Payroll Field you want to use on tax forms and reports. To leave a field blank, choose None

Tax Field:	Payroll Field:
Federal Unemployment (FUTA):	Fed_Unemp_C
State Unemployment (SUTA):	St_Unemp_C
Other State Unemployment:	St2_Unemp_C
State Disability (SDI):	None
State Training Tax:	None
State Special A:	None
State Special B:	None

OK Cancel Help

5. Click . You are returned to the Assign Tax Fields window.

6. Click . Do not make any changes.



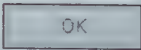
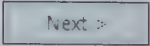
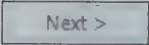
**Assign Employee-Paid State Tax Fields**

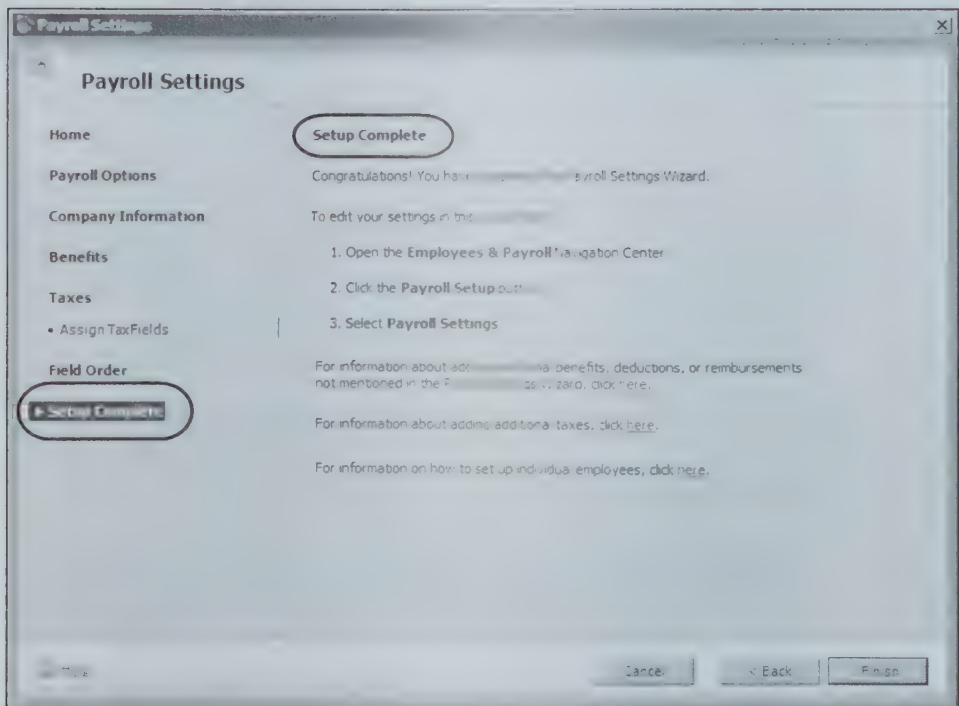
For each **employee-paid** state tax field, pick the Payroll Field you want to use on tax forms and reports. To leave a field blank, choose None.

Tax Field:	Payroll Field:
Disability:	None
Unemployment:	None
Other Unemployment:	None
Training Tax:	None

OK Cancel Help



7. Click . You are returned to the Assign Tax Fields window.  
Click .
8. The Field Order window appears. Do not make any changes. Click .
9. The Setup Complete window appears. Read the information.



10. Click .

## ENTERING EMPLOYEE MAINTENANCE INFORMATION

The Maintain Employees/Sales Reps window includes information about your employees or sales representatives. The information is displayed as seven tabs: General, Additional Info, Pay Info, Withholding Info, Vacation/Sick Time, Employee Fields, and Company Fields.

Follow these steps to set up employee maintenance information.



1. Select **Employees**, New Employee. The Maintain Employees & Sales Reps window appears.
2. Complete the following fields.

Employee ID: **A001**  
 Name: **Terry Ames**  
 Accept the default for Employee  
 Address: **819 North 14th Street**  
 City, ST Zip: **Atlanta, GA 30353**  
 E-mail: **terry@mail.com**  
 Home phone: **404-555-4390**  
 Social Security No: **302-00-0001**  
 Type: **FULL**

3. Click on the Withholding Info tab. Complete the following fields.

Filing Status: **Single for Federal, State, and Local**  
 Allowances: **1 for Federal, State, and Local**

Withholding details from the employee's W-4:

Payroll Field Names	Filing Status	Allowances	Add Withholding	State/Locality	Percentage	Catch Up	FSA Amount
Federal	Single	1	0.00				
State	Single	1	0.00	GA			
Local	Single	1	0.00				
State & 1		0	0.00				
State & 2		1	0.00				
401(k)					0.00	No	
407(b)					0.00	No	
408(a)					0.00	No	
457(b)					0.00	No	

Checkboxes:  
☐ Employee has retirement plan such as a Simple IRA, 401(k), 403(b), etc.  
☐ Statutory Employee

4. Click on the Pay Info tab.
5. Type **12.50** in the Hourly Pay Rate column. Press the **<Enter>** key two times.
6. Type **18.75** in the Hourly Pay Rate column for Overtime. Press the **<Enter>** key. Make sure that the Pay Method field displays Hourly - Hours per Pay Period, and that the Pay Frequency field displays Weekly.

The screenshot shows the 'Maintain Employees & Sales Reps' window. The 'Pay Info' tab is active. The 'Employee ID' is A001 and the name is Terry Ames. The 'Pay Method' is 'Hourly - Hours per Pay Period'. Below this is a table with the following data:

Pay Type	Use Default	Hourly Pay Rate
Regular	<input checked="" type="checkbox"/>	12.50
Overtime	<input checked="" type="checkbox"/>	18.75
Rate1	<input checked="" type="checkbox"/>	0.00
Rate4	<input checked="" type="checkbox"/>	0.00
Rate5	<input checked="" type="checkbox"/>	0.00

At the bottom, there are two checkboxes: 'Eligible for health insurance' and 'Receives W-2 electronically', both of which are unchecked.

7. Select the Employee Fields tab. Notice that the accounts selected for Fed\_Income, Soc\_Sec, MEDICARE, and St\_Income match the accounts shown on page 603. Employee Defaults/Employee Fields window.
8. Click on the Company Fields tab. These are the employer payroll tax liabilities. Notice that the accounts match the Employee Defaults/Company Fields window shown on page 604.
9. Click Save & New.

10. Click on the General tab. Enter another employee.

Employee ID: **G001**  
 Name: **Linda Gale**  
 Accept the default for Employee.  
 Address: **170 Rural Road**  
 City, ST Zip: **Atlanta, GA 30342**  
 E-mail: **linda@mail.com**  
 Home phone: **404-555-0722**  
 Social Security No: **200-00-4822**  
 Type: **FULL**


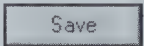
*Withholding Info:*


Filing Status: **Married** for Federal, State (Married/Jointly),  
 and Local  
 Allow: **2** for Federal, State, and Local

11. Ms. Gale is paid hourly. Her regular pay is \$12.50 per hour and her overtime pay is \$18.75. Select the Pay Info tab and record this information.
12. Save, then close the Maintain Employee & Sales Reps window.

## BACKING UP YOUR DATA

Follow these steps to back up Chapter 15 data:

1. From the Company Navigation Center, link to Back up.
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 15 Begin** in the File name field.
4. Click .
5. When the window prompts that This company backup will require

approximately 7.43MB, click on . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 15.

6. Continue or click on File, Exit to exit Peachtree.

## PAYROLL ENTRY

In Chapter 4, Employees, Bellwether Garden Supply already had the default information set up. Since the payroll tax tables were included for the sample company, all you needed to do for payroll was:

- Enter or select the Employee ID.
- Specify the pay period (period-ending date).
- Verify the information the window displays (name and address of employee, amount of hours, and employee/employer fields.)
- Print or post the paycheck.

In Peachtree, the Payroll Entry window is also the **payroll journal**. All entries made in the Payroll Entry window show up in the payroll journal, and then are posted to both the General Ledger and to the Employee file.

Payroll entry is a simple process after completing the Payroll Setup Wizard and employee/employer default and maintenance information. When you set up employee and employer defaults, you set up the liability and expense accounts for payroll. When you set up the employee maintenance information, you set up the employee's name; address; social security number; Federal, State, and Local withholding allowances; and pay levels.

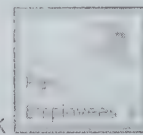
All journal entries made to the Payroll Journal are posted both to the General Ledger and to the Employee file. Once an Employee ID is selected, the rest of the employee information is completed automatically. Enough information is entered in the Maintain Employees record, Default Information, and the payroll tax tables included with the software to determine what the paycheck amount should be. If the information is correct, you print or post the paycheck and proceed to the next employee.

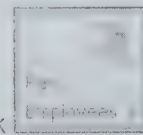
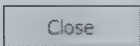
The check amount (or net pay) is automatically credited to Account No. 10300, Payroll Checking Account. The withholding amounts are



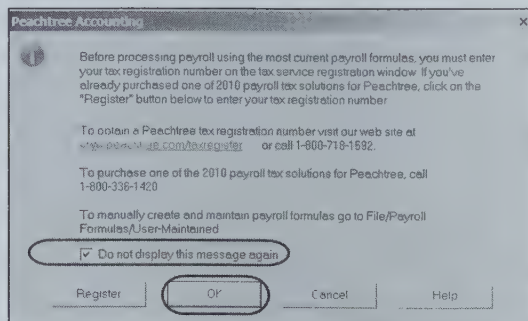
calculated based on the Payroll Fields which were also defined in the Default Information that you previously entered. The rate and frequency of pay were set up in the Employee/Sales Rep record. For Samantha's Service Merchandise, employees are paid weekly.

To issue a payroll check, follow these steps. The steps below assume you copied the TAXTABLE.DAT file (refer to pages 592-596). If you did *not* copy the TAXTABLE.DAT file, use the Payroll Entry window for the amounts of the withholdings. Then, enter these amounts manually.

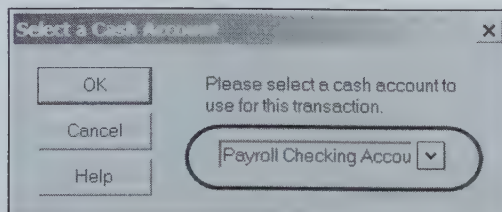


1. From the Employees & Payroll Navigation Center, click , Enter Payroll For One Employee. When the Peachtree Payroll Solutions window appears, click .

**Troubleshooting:** If a window appears asking you to register payroll, click on the Do not display this message again box. Then, click OK.



2. The Select a Cash Account window displays. Select the Payroll Checking Account.



- Payroll Entry

File Edit Go To Window Help

Close

New

List

Save

Print

Delete

Jobs

Journal

Event

Payroll

Help

Samantha's Service Merchandise

Employee ID: 40012

Check Number:

Date: Jan 7, 2011

\$

Four Hundred Eighteen and 02/100

Dollars

Pay to the Terry Ames

Order of: 819 North 14th Street

Atlanta, GA 30353

Payroll Entry

Cash Account

10300

Payroll Checking Account

Cash Account Balance

6,500.00

Pay Period Ends

Jan 7, 2011

Weeks in Pay Period 1

Hours Worked

Hourly Fields	Account	Amount
Regular	87500	537.50
Overtime	87600	

Add another pay type

Gross Pay: 537.50

Taxes - Benefits - Liabilities

Name	Account	Amount
Fed Income	23400	55.53
State	23400	-33.33
Medicare	24290	-7.79
Social Security	23600	22.83
State Disability	22510	33.34
Medicare C	72520	7.79
Fed Unemp C	72530	4.30
State Unemp C	72540	16.13
State Unemp C	72545	0.43

Change order of payroll field


**Comment**

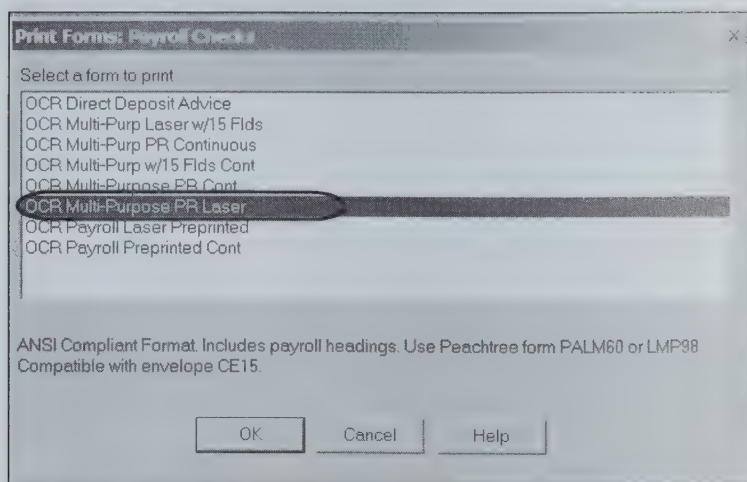
Observe that the Taxes- Benefits - Liabilities table on the Payroll Entry window includes withholding amounts. These amounts are for example purposes only and do not reflect accurate payroll taxes. If withholding amounts are not shown, enter the amounts manually on your Payroll Entry window.

A separate service provided by Peachtree Software at an additional cost includes payroll tax tables. More information about Peachtree's Payroll Tax Service is included on their website at [www.peachtree.com/productsServices/payrollSolutions/](http://www.peachtree.com/productsServices/payrollSolutions/).



10. Click

11. The Print Forms: Payroll Checks window appears. Click . Select OCR Multi-Purpose PR Laser.

**Comment**

The form you select is tied to the kind of printer you are using. You may need to make a different selection depending on your printer.

12. Click .

13. The Print Forms: Payroll Checks window appears. Make sure that the form you chose is shown in the Use this form field.

14. Type **101** as the First check number

**Print Forms: Payroll Checks**

Form: 101

First check number: 101

Use this form: OCR Multi-Purpose PR Laser

Number of copies: 1

Printer:

Name: HP LaserJet P4014/P4015 PCL

Type: HP LaserJet P4014/P4015 PCL

Where: DOT4\_001

Comment:

Buttons: Print, Print Sample, Print Design, Cancel, Help

15. Click Print. Your check starts to print.

Terry Ames			Employee ID: A001 Social Sec # xxx-xx-0001		
------------	--	--	---	--	--

	This Check	Year			
Gross	537.50	537	50		
Fed. Income	-55.53	-55.53	Regular	40.00	12.50
Soc. Sec.	-33.33	-33.33	Overtime	2.00	18.75
MEDICARE	-7.79	-7.7			
St. Income	-22.83				

Net Check	\$418.02	Total	42.00	537.50	
-----------	----------	-------	-------	--------	--

Pay Period Beginning: Jan 1, 2011	Check Date: 1/7/11
Pay Period Ending: Jan 7, 2011	Weeks in Pay Period: 1

Check Number: 101	Jan 7, 2011
-------------------	-------------

418.02

Four Hundred Eighteen and 02/100 Dollars

Terry Ames  
819 North 14th Street  
Atlanta, GA 30353

16. Make the selections to pay Ms. Gale on January 8, 2011. She worked 40 regular hours for Samantha's Service Merchandise. If needed, use the Payroll Entry window shown below to complete the Taxes – Benefits – Liabilities table; or use the Payroll Journal shown on pages 619-621.

[illegible]

17. Print Check No. 102.




Linda Gale			Employee ID: G001 Social Sec # xxx-xx-4822		
	This Check	Year to Date			
Gross	500.00	500.00	Hours	Rate	Total
Fed. Income	-21.15	-21.15 Regular	40.00	12.50	500.00
Soc. Sec	-31.00	-31.00			
MEDICARE	-7.25	-7.25			
St. Income	-15.31	-15.31			
Net Check	\$425.29	Total	40.00		500.00
Pay Period Beginning: Jan 1, 2011			Check Date: 1/7/11		
Pay Period Ending: Jan 7, 2011			Weeks in Pay Period: 1		
Check Number: 102			Jan 7, 2011		
425.29					
Four Hundred Twenty-Five and 29/100 Dollars					
Linda Gale 170 Rural Road Atlanta, GA 30342					

18. Make the following payroll entries for Terry Ames and Linda Gale. If needed, refer to the Payroll Entry windows on pages 614 and 617 for the appropriate withholding amounts.

Date	Name	Hours Worked	Overtime	Check No.
1/14/11	T. Ames	40	2	103
	L. Gale	40		104
1/21/11	T. Ames	40	2	105
	L. Gale	40		106
1/28/11	T. Ames	40	2	107
	L. Gale	40		108

After recording the paycheck information, type the check number,

then click  to post. You do *not* need to print the paychecks.

19. Close the Payroll Entry window.

## PRINTING THE PAYROLL JOURNAL

From the Recently Used Employee Reports area of the Employees & Payroll Navigation Center, link to Print the Payroll Journal.

Samantha's Service Merchandise Payroll Journal For the Period From Jan 1, 2011 to Jan 31, 2011					Page: 1
Filter Criteria includes: Report order is by Check Date Report is printed in Detail Format					
Date Employee	GL Acct ID	Reference	Debit Am	Credit Amt	
1/7/11	77500	101	500.00		
Terry Ames	77600		37.50		
	23400			55.53	
	24000			33.33	
	24200			7.79	
	23600			22.83	
	24100			33.33	
	24400			7.79	
	23500			4.30	
	23700			16.13	
	23755			0.43	
	72510		33.33		
	72520		7.79		
	72530		4.30		
	72540		16.13		
	72545		0.43		
	10300			418.02	
1/7/11	77500	102	500.00		
Linda Gale	23400			21.15	
	24000			31.00	
	24200			7.25	
	23600			15.31	
	24100			31.00	
	24400			7.25	
	23500			4.00	
	23700			15.00	
	23755			0.40	
	72510		31.00		
	72520		7.25		
	72530		4.00		
	72540		15.00		
	72545		0.40		
	10300			425.29	
1/14/11	77500	103	500.00		
Terry Ames	77600		37.50		
	23400			55.53	
	24000			33.33	
	24200			7.79	
	23600			22.83	
	24100			33.33	
	24400			7.79	
	23500			4.30	
	23700			16.13	
	23755			0.43	
	72510		33.33		
	72520		7.79		
	72530		4.30		
	72540		16.13		
	72545		0.43		
	10300			418.02	
1/14/11	77500	104	500.00		
Linda Gale	23400			21.15	
	24000			31.00	
	24200			7.25	
	23600			15.31	
	24100			31.00	
	24400			7.25	
	23500			4.00	
	23700			15.00	
	23755			0.40	

Page: 2

**Samantha's Service Merchandise**  
**Payroll Journal**  
**For the Period From Jan 1, 2011 to Jan 31, 2011**

Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format.

Date Employee	GL Acct ID	Reference	Debit Am	Credit Amt
	72510			
	72520			
	72530			
	72540			
	72545			
	10300			
1/21/11	77500	100		
Terry Ames	77600			
	23400			
	24000			
	24200			
	23600			
	24100			
	24400			
	23500			
	23700			
	23755			
	72510			
	72520			
	72530			
	72540			
	72545			
	10300			
1/21/11	77500	100		
Linda Gale	23400			
	24000			
	24200			
	23600			
	24100			
	24400			
	23500			
	23700			
	23755			
	72510			
	72520			
	72530			
	72540			
	72545			
	10300			
1/28/11	77500	100		
Terry Ames	77600			
	23400			
	24000			
	24200			
	23600			
	24100			
	24400			
	23500			
	23700			
	23755			
	72510			
	72520			
	72530			
	72540			
	72545			
	10300			
1/28/11	77500	100		
Linda Gale	23400			
	24000			

Page: 3

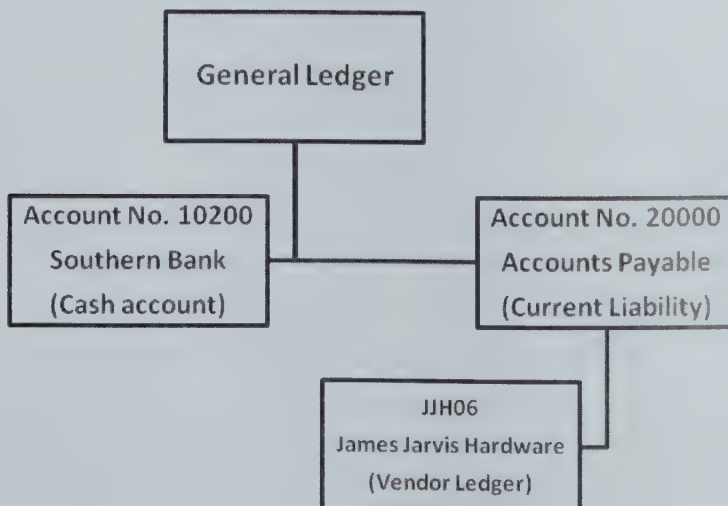
**Samantha's Service Merchandise**  
**Payroll Journal**  
**For the Period From Jan 1, 2011 to Jan 31, 2011**

Filter Criteria includes: Report order is by Check Date Report is printed in Detail Format.

Date Employee	GL Acct ID	Reference	Debit Am	Credit Amt
	24200			7.25
	23600			15.31
	24100			31.00
	24400			7.25
	23500			4.00
	23700			15.00
	23755			0.40
	72510		31.00	
	72520		7.25	
	72530		4.00	
	72540		15.00	
	72545		0.40	
	10300			425.29
			4,628.52	4,628.52

## ACCOUNT RECONCILIATION

In Chapters 12-15, you worked with Peachtree's accounts payable, accounts receivable, inventory, and payroll systems. PCA's general ledger is integrated with the other parts of the program. For example, when a vendor is paid, that entry is recorded in *both* the general ledger, Southern Bank *and* Accounts Payable accounts, and the individual vendor's account. In other words, the subsidiary ledger (vendor ledger) works together with the general ledger.



To see how this works, you are going to reconcile two bank statements.

- The January 31, 2011 bank statement from Southern Bank (below and on page 623).
- The January 31, 2011 bank statement from the Payroll Checking Account (page 623).

Then, you are going to check the accounts receivable, accounts payable, and merchandise inventory account balances against the general ledger. This shows you that Peachtree's subsidiary ledgers (customer ledgers, vendor ledgers, and inventory valuation) are in agreement with the associated general ledger accounts.

### Southern Bank Statement

You may want to review the steps for Account Reconciliation in Chapter 10, pages 340-343.

Statement of Account Southern Bank January 1 to January 31, 2011			Account No. 41382-31-09			Samantha's Service Merchandise 125 Peachtree Blvd. Atlanta, GA 30301		
REGULAR CHECKING								
Previous Balance		12/31/10	73,500.00					
9 Deposits(+)			3,606.88					
11 Checks (-)			9,446.63					
Service Charges (-)		1/31/11	18.00					
Ending Balance		1/31/11	67,642.25					
DEPOSITS								
1/15/11	324.00	1/24/11	1,404.00		1/29/11	53.88		
1/22/11	324.00	1/25/11	324.00		1/30/11	216.00		
1/23/11	105.00	1/26/11	216.00		1/30/11	640.00		
CHECKS (Asterisk * indicates break in check number sequence)								
		1/5/11	Transfer		6,500.00			
		1/25/11	3030		160.00			
		1/25/11	3031		41.00			
		1/25/11	3032		107.65			
		1/27/11	3033		72.14			



	1/27/11	3034	500.00	
	1/27/11	3035	500.00	
	1/28/11	3036	370.44	
	1/30/11	3037	392.00	
	1/30/11	3038	117.60	
	1/30/11	3039	685.80	

NOTE: Deposits that are recorded on the same day may be added together on the Account Reconciliation window. For example, \$693.88 may be shown for \$53.88 plus \$640.

### Payroll Checking Account Bank Statement

Statement of Account Payroll Checking Account January 1 to January 31, 2011		Account No. 443-8711982	Samantha's Service Merchandise 125 Peachtree Blvd. Atlanta, GA 30301	
REGULAR CHECKING				
Previous Balance	12/31/10	0.00		
1 Deposits(+)		6,500.00		
6 Checks (-)		2,529.93		
Service Charges (-)	1/31/11	15.00		
Ending Balance	1/31/11	3,955.07		
DEPOSITS				
	1/5/11	6,500.00		
CHECKS (Asterisk * indicates break in check number sequence)				
	1/8/11	101	418.02	
	1/8/11	102	425.29	
	1/15/11	103	418.02	
	1/15/11	104	425.29	
	1/15/11	105	418.02	
	1/29/11	106	425.29	

### Printing Reports: Account Reconciliation, Accounts Receivable, Accounts Payable, and Inventory

1. Print the Southern Bank account reconciliation report.

Samantha's Service Merchandise Account Reconciliation As of Jan 31, 2011 10200 - Southern Bank Bank Statement Date: January 31, 2011			
Filter Criteria includes: Report is printed in Detail Format			
Beginning GL Balance			11,148.00
Add: Cash Receipts			1,127.00
Less: Cash Disbursements			(1,187.00)
Add (Less) Other			118.00
Ending GL Balance			11,106.00
Ending Bank Balance			11,142.25
Add back deposits in transit			
	Jan 30, 2011	1/30/11	1,127.00
Total deposits in transit			1,127.00
(Less) outstanding checks			
	Jan 30, 2011	3040	1,000.00
	Jan 30, 2011	3041	1,000.00
Total outstanding checks			(1,000.00)
Add (Less) Other			
Total other			
Unreconciled difference			0.00
Ending GL Balance			11,106.25


2. Print the Payroll Checking Account reconciliation report. (*Hint: On the Account Reconciliation Select a Report or Form window, click*



In the Select a filter field, select Account No. 10300, Payroll Checking Account.)

Samantha's Service Merchandise Account Reconciliation As of Jan 31, 2011 10300 - Payroll Checking Account Bank Statement Date: January 31, 2011			
Filter Criteria includes: Report is printed in Detail Format			
Beginning GL Balance			
Add: Cash Receipts			
Less: Cash Disbursements		(3,373.24)	
Add (Less) Other		6,485.00	
Ending GL Balance		3,111.76	
Ending Bank Balance		3,955.07	
Add back deposits in transit			
Total deposits in transit			
(Less) outstanding checks			
Jan 28, 2011 107		(418.02)	
Jan 28, 2011 108		(425.29)	
Total outstanding checks		(843.31)	
Add (Less) Other			
Total other			
Unreconciled difference		0.00	
Ending GL Balance		3,111.76	

3. Print the General Ledger accounts 10200 and 10300. (*Hint:* On the

General Ledger Select a Report or Form window, click . On the Modify Report - General Ledger window, select the filter GL Account ID. Select One or more, then place a checkmark in the boxes next to 10200 and 10300. Click OK.) Observe that Account No. 10200, Southern Bank; and Account No. 10300, Payroll Checking Account agree with the Ending GL Balances shown on the account reconciliation reports on pages 624 and 625: \$69,018.25 and \$3,111.76, respectively.

Samantha's Service Merchandise							
General Ledger							
For the Period From Jan 1, 2011 to Jan 31, 2011							
Filter Criteria includes: 1) IDs: Multiple IDs Report order is by ID Report is printed with shortened descriptions and in Detail Format							
Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
10200	1/1/11			Beginning Balance			73,500.00
Southern Bank	1/5/11		GENJ	Southern Bank		6,500.00	
	1/14/1	Invoice 103	CRJ	Perry Murphy	324.00		
	1/21/1	Invoice 101	CRJ	Aimee Perkins	324.00		
	1/22/1	Invoice 104	CRJ	Judith Piner	105.00		
	1/23/1	Cash	CRJ	Cash sales	1,404.00		
	1/24/1	3030	CDJ	Dennis Allen		160.00	
	1/24/1	3031	CDJ	U.S. Post office		41.00	
	1/24/1	3032	CDJ	Boulevard Office S		107.65	
	1/24/1	3033	CDJ	SMI Phone Co		72.14	
	1/24/1	Invoice 106	CRJ	Aimee Perkins	324.00		
	1/25/1	3034	CDJ	Lonnie Crosby		500.00	
	1/25/1	3035	CDJ	Samantha Curner		500.00	
	1/25/1	3036	CDJ	Lester Lee Product		370.44	
	1/26/1	Invoice 108	CRJ	Perry Murphy	216.00		
	1/28/1	3037	CDJ	James Jarvis Hard		392.00	
	1/28/1	3038	CDJ	Ronnie Becker Fab		117.60	
	1/28/1	Invoice 105	CRJ	Bernice Blair	53.88		
	1/28/1	Invoice 102	CRJ	Denise Canto	640.00		
	1/29/1	Cash	CRJ	Billy Wilson	216.00		
	1/30/1	3039	CDJ	RIM Mortgage Co		685.80	
	1/30/1	3040	CDJ	Lonnie Crosby		500.00	
	1/30/1	3041	CDJ	Samantha Curner		500.00	
	1/30/1	Cash	CRJ	Cash sales	2,376.00		
	1/31/1	01/31/11	GENJ	Service Charge		18.00	
				Current Period Cha	5,982.88	10,464.63	-4,481.75
	1/31/1			Ending Balance			69,018.25
10300	1/1/11			Beginning Balance			
Payroll Checking	1/5/11		GENJ	Payroll Checking A	6,500.00		
	1/7/11	101	PRJ	Terry Ames		418.02	
	1/7/11	102	PRJ	Linda Gale		425.29	
	1/14/1	103	PRJ	Terry Ames		418.02	
	1/14/1	104	PRJ	Linda Gale		425.29	
	1/21/1	105	PRJ	Terry Ames		418.02	
	1/21/1	106	PRJ	Linda Gale		425.29	
	1/28/1	107	PRJ	Terry Ames		418.02	
	1/28/1	108	PRJ	Linda Gale		425.29	
	1/31/1	01/31/11	GENJ	Service Charge		15.00	
				Current Period Cha	6,500.00	3,388.24	3,111.76
	1/31/1			Ending Balance			3,111.76

4. Print the general ledger account balance for Account No. 11000, Accounts Receivable.

Samantha's Service Merchandise General Ledger For the Period From Jan 1, 2011 to Jan 31, 2011							
Filter Criteria includes 1) IDs 11000. Report order is by ID. Report is printed with shortened descriptions and in Detail Format.							
Account ID Account Descriptio	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
11000	1/1/11			Beginning Balance			
Accounts Receivable	1/6/11	101	SJ	Aimee Perkins	324.00		
	1/6/11	102	SJ	Denise Canto	640.00		
	1/6/11	103	SJ	Perry Murphy	432.00		
	1/6/11	104	SJ	Judith Piner	486.00		
	1/10/11	105	SJ	Bernice Blair	53.88		
	1/14/11	CM103	SJ	Perry Murphy		108.00	
	1/14/11	Invoice 103	CRJ	Perry Murphy - Invo		324.00	
	1/19/11	106	SJ	Aimee Perkins	324.00		
	1/19/11	107	SJ	Denise Canto	320.00		
	1/19/11	108	SJ	Perry Murphy	216.00		
	1/20/11	109	SJ	Bernice Blair	81.00		
	1/21/11	Invoice 101	CRJ	Aimee Perkins - Inv		324.00	
	1/22/11	Invoice 104	CRJ	Judith Piner - Invoi		105.00	
	1/24/11	Invoice 106	CRJ	Aimee Perkins - Inv		324.00	
	1/26/11	Invoice 108	CRJ	Perry Murphy - Invo		216.00	
	1/28/11	Invoice 105	CRJ	Bernice Blair - Invo		53.88	
	1/28/11	Invoice 102	CRJ	Denise Canto - Inv		640.00	
				Current Period Cha	2,876.88	2,094.88	
	1/31/11			Ending Balance			

5. Compare the general ledger's accounts receivable balance to the customer ledgers balance.

Samantha's Service Merchandise Customer Ledgers For the Period From Jan 1, 2011 to Jan 31, 2011						
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.						
Customer ID Customer	Date	Trans No	Type	Debit Amt	Credit Amt	Balance
ap001	1/6/11	101	SJ	324.00		324.00
Aimee Perkins	1/19/11	106	SJ	324.00		648.00
	1/21/11	Invoice 101	CRJ		324.00	324.00
	1/24/11	Invoice 106	CRJ		324.00	0.00
bb002	1/10/11	105	SJ	53.88		53.88
Bernice Blair	1/20/11	109	SJ	81.00		134.88
	1/28/11	Invoice 105	CRJ		53.88	81.00
dc003	1/6/11	102	SJ	640.00		640.00
Denise Canto	1/19/11	107	SJ	320.00		960.00
	1/28/11	Invoice 102	CRJ		640.00	320.00
jp004	1/6/11	104	SJ	486.00		486.00
Judith Piner	1/22/11	Invoice 104	CRJ		105.00	381.00
pm005	1/6/11	103	SJ	432.00		432.00
Perry Murphy	1/14/11	CM103	SJ		108.00	324.00
	1/14/11	Invoice 103	CRJ		324.00	0.00
	1/19/11	108	SJ	216.00		216.00
	1/26/11	Invoice 108	CRJ		216.00	0.00
Report Total				2,876.88	2,094.88	782.00



6. Print the general ledger account balance for Account No. 20000, Accounts Payable. (A minus sign in front of a general ledger balance means it is a credit balance.)

Samantha's Service Merchandise							
General Ledger							
For the Period From Jan 1, 2011 to Jan 31, 2011							
Filter Criteria includes: 1) IDs: 20000. Report order is by ID. Report is printed with shortened descriptions and in Detail Format							
Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
20000	1/1/11			Beginning Balance			
Accounts Payable	1/3/11	56JJ	PJ	James Jarvis Hardware		300 00	
	1/14/11	112	PJ	Tomlinson Sales and S		512 00	
	1/20/11	90	PJ	Lester Lee Products		432 00	
	1/20/11	210	PJ	Ronnie Becker Fabrics		120 00	
	1/20/11	78JJ	PJ	James Jarvis Hardware		500 00	
	1/25/11	VCM90	PJ	Lester Lee Products	54 00		
	1/25/11	3036	CDJ	Lester Lee Products - In	378 00		
	1/28/11	VCM78JJ	PJ	James Jarvis Hardware	100 00		
	1/28/11	3037	CDJ	James Jarvis Hardware	400 00		
	1/28/11	3038	CDJ	Ronnie Becker Fabrics -	120 00		
					1 052 00	1 864 00	-812 00
	1/31/11			Ending Balance			-812.00

7. Compare the general ledger's accounts payable balance to the vendor ledgers balance.

Samantha's Service Merchandise							
Vendor Ledgers							
For the Period From Jan 1, 2011 to Jan 31, 2011							
Filter Criteria includes: Report order is by ID.							
Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
JJH06	1/3/11	56JJ	PJ			300.00	300.00
James Jarvis Hardware	1/20/11	78JJ	PJ	*		500.00	800.00
	1/28/11	VCM78JJ	PJ	*	100.00		700.00
	1/28/11	3037	CDJ		8.00	8.00	700.00
	1/28/11	3037	CDJ		400.00		300.00
LLP07	1/20/11	90	PJ	*		432.00	432.00
Lester Lee Products	1/25/11	VCM90	PJ	*	54.00		378.00
	1/25/11	3036	CDJ		7.56	7.56	378.00
	1/25/11	3036	CDJ		378.00		0.00
RBF08	1/20/11	210	PJ	*		120.00	120.00
Ronnie Becker Fabrics	1/28/11	3038	CDJ		2.40	2.40	120.00
	1/28/11	3038	CDJ		120.00		0.00
TSS09	1/14/11	112	PJ			512.00	512.00
Tomlinson Sales and Ser							
<b>Report Total</b>					<b>1,069.96</b>	<b>1,881.96</b>	<b>812.00</b>

8. Print the general ledger account balance for Account No. 12000, Merchandise Inventory.

Samantha's Service Merchandise General Ledger For the Period From Jan 1, 2011 to Jan 31, 2011							
Filter Criteria includes: 1) IDs: 12000. Report order is by ID. Report is printed with shortened descriptions and in Detail Format							
Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit A	Credit Amt	Balance
12000	1/1/11			Beginning Balance			27,740.00
Merchandise Inventory	1/3/11	56JJ	PJ	James Jarvis Hardware - Item	300.00		
	1/6/11	101	COGS	Aimee Perkins - Item: 001har		100.00	
	1/6/11	102	COGS	Denise Canto - Item: 003floor		216.00	
	1/6/11	103	COGS	Perry Murphy - Item: 002wall		20.00	
	1/6/11	104	COGS	Judith Piner - Item: 001hardw		150.00	
	1/14/11	CM103	COGS	Perry Murphy - Item: 002wall	30.00		
	1/14/11	112	PJ	Tomlinson Sales and Service	512.00		
	1/15/11	LC	INAJ	lighting		128.00	
	1/19/11	106	COGS	Aimee Perkins - Item: 001har		100.00	
	1/19/11	107	COGS	Denise Canto - Item: 003floor		108.00	
	1/19/11	108	COGS	Perry Murphy - Item: 002wall		60.00	
	1/20/11	90	PJ	Lester Lee Products - Item: 0	432.00		
	1/20/11	210	PJ	Ronnie Becker Fabrics - Item:	120.00		
	1/20/11	78JJ	PJ	James Jarvis Hardware - Item	500.00		
	1/23/11	Cash	COGS	Cash sales - Item: 002wall - T		300.00	
	1/23/11	Cash	COGS	Cash sales - Item: 001hardwa		100.00	
	1/25/11	VCM90	PJ	Lester Lee Products - Item: 0		54.00	
	1/28/11	VCM78JJ	PJ	James Jarvis Hardware - Item		100.00	
	1/29/11	Cash	COGS	Barb Wilson - Item: 002wall -		60.00	
	1/30/11	Cash	COGS	Cash sales - Item: 002wall - T		300.00	
	1/30/11	Cash	COGS	Cash sales - Item: 001hardwa		400.00	
				Current Period Change	1,894.00	2,296.00	-402.00
	1/31/11			Ending Balance			27,338.00

9. Compare the general ledger's merchandise inventory account balance to the Inventory Valuation Report's item value. (*Hint: From the Reports list, select Inventory; Inventory Valuation Report.*)

Samantha's Service Merchandise Inventory Valuation Report As of Jan 31, 2011							
Filter Criteria includes: 1) Stock/Assembly. Report order is by ID. Report is printed with shortened descriptions.							
Item ID Item Class	Item Description	Stocking U/	Cost Method	Qty on Hand	Item Value	Avg Cost	% of Inv Value
001hardwar Stock item	hardware	each	Average	87.00	4,350.00	50.00	15.91
002wall Stock item	wall	each	Average	125.00	3,750.00	30.00	13.72
003floor Stock item	floor	each	Average	201.00	10,854.00	54.00	39.70
004lights Stock item	lighting	each	Average	131.00	8,384.00	64.00	30.67
					27,338.00		100.00

## PRINTING THE GENERAL LEDGER TRIAL BALANCE

Samantha's Service Merchandise General Ledger Trial Balance As of Jan 31, 2011			
Filter Criteria includes: Report order is by ID Report is printed in Detail Format			
Account I	Account Description	Debit Amt	Credit Amt
10200	Southern Bank		
10300	Payroll Checking Account		
10400	Wells Savings & Loan		
11000	Accounts Receivable		
12000	Merchandise Inventory		
13000	Supplies		
14000	Prepaid Insurance	2 400 00	
15000	Furniture and Fixtures	5 000 00	
15100	Computers & Equipment	7 500 00	
15500	Building	100 000 00	
20000	Accounts Payable		812 00
23100	Sales Tax Payable		429 99
23400	Federal Payroll Taxes Payable		306 72
23500	FUTA Tax Payable		33 20
23600	State Payroll Taxes Payable		152 56
23700	SUTA Payable		124 52
23755	SUTA2 Payable		3 32
24000	FICA Employee Taxes Payable		257 32
24100	FICA Employer Taxes Payable		257 32
24200	Medicare Employee Taxes Pay		60 16
24400	Medicare Employer Taxes Paya		60 16
27000	Long-Term Notes Payable		20 500 00
27400	Mortgage Payable		74 412 05
39006	Lonnie Crosby, Capital		71 195 00
39007	Lonnie Crosby, Drawing		
39008	Samanta Currier, Capital		71 195 00
39009	Samanta Currier, Drawing		
40000	Sales-Hardware		2 550 00
40200	Sales-Wall		2 700 00
40400	Sales-Floor		960 00
40600	Service Fees		124 89
50000	Cost of Sales-Hardware	850 00	
50500	Cost of Sales-Wall	810 00	
57000	Cost of Sales-Floor	324 00	
57050	Cost of Sales-Lights	128 00	
59500	Purchase Discounts		17 96
62000	Bank Charges	33 00	
67500	Interest Expense	97 85	
70000	Maintenance Expense	160 00	
72510	FICA Expense	257 32	
72520	Medicare Expense	60 16	
72530	FUTA Expense	33 20	
72540	SUTA Expense	124 52	
72545	SUTA2 Expense	3 32	
73500	Postage Expense	41 00	
75500	Supplies Expense	107 65	
76000	Telephone Expense	72 14	
77500	Wages Expense	4 000 00	
77600	Overtime Expense	150 00	
Total:		246,152.17	246,152.17

## PRINTING THE FINANCIAL STATEMENTS: BALANCE SHEET

Samantha's Service Merchandise Balance Sheet January 31, 2011		
ASSETS		
Current Assets		
Southern Bank	\$ 69,018.25	
Payroll Checking Account	3,111.76	
Wells Savings & Loan	20,000.00	
Accounts Receivable	782.00	
Merchandise Inventory	27,338.00	
Supplies	1,750.00	
Prepaid Insurance	2,400.00	
Total Current Assets		124,400.01
Property and Equipment		
Furniture and Fixtures	5,000.00	
Computers & Equipment	7,500.00	
Building	100,000.00	
Total Property and Equipment		112,500.00
Other Assets		
Total Other Assets		0.00
Total Assets	\$	236,900.01
LIABILITIES AND CAPITAL		
Current Liabilities		
Accounts Payable	\$ 812.00	
Sales Tax Payable	429.99	
Federal Payroll Taxes Payable	306.72	
FUTA Tax Payable	33.20	
State Payroll Taxes Payable	152.56	
SUTA Payable	124.52	
SUTA2 Payable	3.32	
FICA Employee Taxes Payable	257.32	
FICA Employer Taxes Payable	257.32	
Medicare Employee Taxes Payabl	60.16	
Medicare Employer Taxes Payabl	60.16	
Total Current Liabilities		2,497.27
Long-Term Liabilities		
Long-Term Notes Payable	20,500.00	
Mortgage Payable	74,412.05	
Total Long-Term Liabilities		94,912.05
Total Liabilities		97,409.32
Capital		
Lonnie Crosby, Capital	71,195.00	
Lonnie Crosby, Drawing	(1,000.00)	
Samanta Currier, Capital	71,195.00	
Samanta Currier, Drawing	(1,000.00)	
Net Income	(899.31)	
Total Capital		139,490.69
Total Liabilities & Capital	\$	236,900.01

Print the <Standard> Income Stmtnt (Income Statement).

Statement of Income				
For the Month of _____				
	Current Month		Year to Date	
Revenue				
Sales-Hardware	\$ 2,550.00	40.25	\$ 2,550.00	40.25
Sales-Wall	700.00	40.62	2,700.00	40.62
Sales-Floor			960.00	10.15
Sales-Lights	128.90		124.89	1.97
Total Revenue	<u>3,378.90</u>	<u>90.87</u>	<u>6,334.89</u>	<u>102.99</u>
Cost of Sales				
Cost of Sales-Hardware	850.00	13.42	850.00	13.42
Cost of Sales-Wall	810.00	12.79	810.00	12.79
Cost of Sales-Floor	324.00	5.11	324.00	5.11
Cost of Sales-Lights	128.90	2.02	128.90	2.02
Purchase Discounts	(17.96)	(0.28)	(17.96)	(0.28)
Total Cost of Sales	<u>2,994.04</u>	<u>33.06</u>	<u>2,994.04</u>	<u>33.62</u>
Gross Profit	<u>374.86</u>	<u>57.81</u>	<u>4,240.85</u>	<u>69.37</u>
Expenses				
Bank Charge			33.00	0.52
Interest Expense			97.85	1.54
Maintenance Expense			160.00	2.58
PM-A Expense			257.32	4.09
Medical Expense			60.16	0.95
PM-B Expense			33.20	0.52
PM-C Expense			124.52	1.97
PM-D Expense			3.32	0.05
Postage Expense			41.00	0.65
Supplies Expense			107.65	1.70
Telephone Expense			72.14	1.14
Wages Expense			4,000.00	63.14
Overseas Expense			150.00	2.37
Total Expenses	<u>5,401.14</u>	<u>81.14</u>	<u>5,140.16</u>	<u>81.14</u>
Net Income	<u>\$ (5,026.28)</u>	<u>(4.27)</u>	<u>\$ (899.31)</u>	<u>(14.20)</u>
For Management Purposes Only				


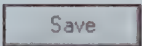
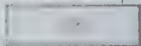


Print the <Standard> Cash Flow.

Samantha's Service Merchandise Statement of Cash Flow For the one Month Ended January 31, 2011			
	Current Month	Previous Date	
Cash Flows from operating activities			
Net Income	\$ (899.31)	\$	(899.31)
Adjustments to reconcile net income to net cash provided by operating activities			
Accounts Receivable	(782.00)		(782.00)
Merchandise Inventory	402.00		402.00
Accounts Payable	812.00		812.00
Sales Tax Payable	429.99		429.99
Federal Payroll Taxes Payable	306.72		306.72
FUTA Tax Payable	33.20		33.20
State Payroll Taxes Payable	152.56		152.56
SUTA Payable	124.52		124.52
SUTA? Payable	3.32		3.32
FICA Employee Taxes Payable	257.32		257.32
FICA Employer Taxes Payable	257.32		257.32
Medicare Employee Taxes Payabl	60.16		60.16
Medicare Employer Taxes Payabl	60.16		60.16
Total Adjustments	2,117.27		2,117.27
Net Cash provided by Operations	1,217.96		1,217.96
Cash Flows from investing activities			
Used For			
Net cash used in investing	0.00		0.00
Cash Flows from financing activities			
Proceeds From			
Used For			
Mortgage Payable	(587.95)		(587.95)
Lonnice Crosby, Drawing	(1,000.00)		(1,000.00)
Samanta Currier, Drawing	(1,000.00)		(1,000.00)
Net cash used in financing	(2,587.95)		(2,587.95)
Net increase - decrease - in cash	\$ (1,369.99)	\$	(1,369.99)
Summary:			
Cash Balance at End of Period	\$ 92,130.01	\$	92,130.01
Cash Balance at Beg of Period	(93,500.00)		(93,500.00)
Net Increase - Decrease - in Cash	\$ (1,369.99)	\$	(1,369.99)
Unaudited - For Internal Use Only.			

**BACKING UP CHAPTER 15 DATA**

Follow these steps to back up Chapter 15 data:

1. From the Company Navigation Center, link to [Back up](#).
2. Click .
3. Accept the default for backing up to the hard drive or make the selections to back up to another location. Type **Chapter 15** in the File name field.
4. Click .
5. When the window prompts that This company backup will require approximately 7.47MB, click on . When the Back Up Company scale is 100% complete, you have successfully backed up to the current point in Chapter 15.
6. Continue or click on File, Exit to exit Peachtree.

**EXPORT REPORTS TO EXCEL**

1. Export the following reports to Excel:
  - Payroll Journal
  - General Ledger Trial Balance
  - Balance Sheet
  - Income Statement
  - Statement of Cash Flow
2. Save. Use the file name **Chapter 15\_PayJ\_GLTB\_BS\_IS\_SCF.xlsx**.

**INTERNET ACTIVITY**

1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 15. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 3 Internet Activities for Chapter 12-15. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	Complete the SALARY WIZARD-Chapter 15 exercise. Read steps 1-5.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

**SUMMARY AND REVIEW**

Complete the following end-of-chapter activities:

1. Going to the net, pages 635-636
2. Multiple-choice questions, pages 636-638
3. Exercises 15-1 and 15-2, pages 638-645
4. Assessment rubric, page 645
5. Analysis question, page 645
6. Chapter 15 Index, page 646

**GOING TO THE NET**

Access the Employer Reporting and Instructions website at <http://www.ssa.gov/employer/>. Link to General W-2 Filing Information, then answer these questions.

1. What are dates that employers must send W-2 information to the Social Security Administration? (Include the dates for *both* electronic and paper filing.)
2. When must employers give employees their W-2?

3. What two forms do employers send to the Social Security Administration?

**Multiple-Choice Questions:** In the space provided, write the letter that best answers each question.

- \_\_\_\_\_ 1. The cash account to credit when disbursing checks for Samantha's Service Merchandise employees is:
- a. Account No. 10200, Southern Bank.
  - b. Account No. 10300, Payroll Checking Account.
  - c. Account No. 23200, Wages Payable.
  - d. Account No. 77500, Wages Expense.
  - e. None of the above.
- \_\_\_\_\_ 2. The amount withheld from employees' paychecks depend on:
- a. How many employees a company has.
  - b. The amount withheld changes on every paycheck.
  - c. There are no withholdings.
  - d. The number of withholding allowances.
  - e. None of the above.
- \_\_\_\_\_ 3. Guidelines for employee and employer withholdings are found in the following IRS publication:
- a. Circular E, Employer's Tax Guide.
  - b. Circular E, Employee's Tax Guide.
  - c. Circular F, Employee/Employer Tax Guide.
  - d. Both a. and b.
  - e. None of the above.
- \_\_\_\_\_ 4. On the Maintain Employees/Sales Reps window, you enter the following types of information:
- a. Employee name, address, and telephone number.
  - b. The way an employee is paid.
  - c. Tax filing status and withholding allowances.
  - d. All of the above.
  - e. None of the above.

- \_\_\_\_\_ 5. Terry Ames received a January 7 paycheck in the amount of:
- a. \$495.00.
  - b. \$418.02
  - c. \$400.00.
  - d. \$550.00.
  - e. None of the above.
- \_\_\_\_\_ 6. The entry in the General Journal for the transfer of funds on January 5, 2011 is:
- a. Debit, Account No. 10200, Southern Bank, \$6,500;  
Credit, Account No. 10300, Payroll Checking Account, \$6,500.
  - b. Debit, Account No. 10300, Payroll Checking Account, \$6,500; Credit, Account No. 10200, Southern Bank, \$6,500.
  - c. Debit, Account No. 10400, Wells Savings & Loan, \$6,000;  
Credit, Account No. 10200, Southern Bank, \$6,000.
  - d. Debit, Account No. 10200, Southern Bank, \$6,500;  
Credit, Account No. 10400, Wells Savings & Loan, \$6,500.
  - e. None of the above.
- \_\_\_\_\_ 7. All of these payroll tax deductions are subtracted from an employee's gross pay EXCEPT:
- a. Federal income tax (FIT).
  - b. Social security tax (FICA).
  - c. Medicare tax.
  - d. Federal unemployment tax (FUTA).
  - e. None of the above.
- \_\_\_\_\_ 8. The Gross Pay Account is:
- a. Account No. 72000, Payroll Tax Expense.
  - b. Account No. 23400, Federal Payroll Taxes Payable.
  - c. Account No. 77500, Wages Expense.
  - d. Account No. 24000, FICA Employee Tax Payable.
  - e. None of the above.



- \_\_\_\_\_ 9. Linda Gale received a January 14 paycheck in the amount of:
- a. \$449.02.
  - b. \$338.59.
  - c. \$425.29.
  - d. \$360.00.
  - e. None of the above.
- \_\_\_\_\_ 10. The maximum taxable earnings subject to social security taxes can change due to:
- a. COLA.
  - b. The amount of monthly wages.
  - c. The number of exemptions.
  - d. The Medicare tax.
  - e. None of the above.

**Exercise 15-1:** Follow the instructions below to complete Exercise 15-1. Exercises 12-1, 12-2, 13-1, 13-2, 14-1, and 14-2 must be completed before starting Exercise 15-1.

1. Start PCA. Open the company that you set up in Exercise 12-1, Your Name Sales & Service.
2. Restore your data from Exercise 14-1. To make sure you are starting with the correct data, display Exercise 14-2's General Ledger Trial balance (step 6, page 583).
3. Journalize and post the following General Journal entry:  
  
01/06/11            Transferred \$5,450 from Account No. 10200, First Bank, to Account No. 10300, Payroll Checking Account.
4. Print the January 6, 2011 General Journal.

5. Locate the directory for Your Name Sales & Service by selecting Maintain; Company Information. Write down the Directory field here:

---

6. Exit Peachtree. *Before copying the TAXTABLE.DAT file, check with your instructor.* Copy the TAXTABLE.DAT from the BCS folder to your company's folder. (*Hint: Refer to pages 592-596, Copying the TAXTABLE.DAT File and User-Maintained Payroll Tables.*) You can also record payroll taxes manually. The Payroll Entry window is shown on page 642.
7. Start Peachtree. Open Your Name Sales & Service. If you copied the TAXTABLE.DAT file, check the User-Maintained Payroll Formulas window. Refer to pages 597-601 to complete the Payroll Setup Wizard.
8. Refer to pages 602-604 for entering employee and employer default information. Use the Employee Fields shown below.

For Fed\_Income, accept the default for Account No. 23400, Federal Payroll Taxes Payable.

Soc\_Sec, Account No. 24000, FICA Employee Taxes Payable

MEDICARE, Account No. 24200, Medicare Employee Taxes Payable

St\_Income, Account No. 23600, State Payroll Taxes Payable

*Verify your Employee Fields window with the one shown on page 603.*

9. Use the following Company Fields:

	<i>Liability column</i>	<i>Expense column</i>
Soc_Sec_C	24100, FICA Employer Taxes Payable	72510, FICA Expense

---

Medicare_C	24400 Medicare Employer Taxes Payable	72520, Medicare Expense
Fed_Unemp_C	23500, FUTA Tax Payable	72530, FUTA Expense
St_Unemp_C	23700, SUTA Payable	72540, SUTA Expense
St2_Unemp_C	23755, SUTA2 Payable	72545, SUTA2 Expense

*Verify your Company Fields window with the one shown on page 604.*

10. Refer to pages 604-608 to complete the payroll setup wizard.
11. Add the following employees.

**Employee ID:** C50  
**Name:** Rick Cramer  
 Accept the default for Employee  
**Address:** 43121 Farrington Road  
**City, ST Zip:** Atlanta, GA 30312  
**E-mail:** Cramer@email.com  
**Home phone:** 404-555-0220  
**Social Security #:** 400-00-0022  
**Type:** FULL

*Withholding Info:*

**Filing Status:** Single for Federal, State, and Local  
**Allowances:** 1 for Federal, State, and Local

*Pay Info:* Hourly, \$12.50/hour; \$18.75/hour, overtime; paid weekly

**Employee ID:** M60  
**Name:** Margaret McClellan  
 Accept the default for Employee  
**Address:** 55 First Street  
**City, ST Zip:** Atlanta, GA 30312  
**E-mail:** McClellan@email.com  
**Home phone:** 404-555-0090

Social Security #: 004-00-1234

Type: FULL

*Withholding Info:*

Filing Status: Single for Federal, State, and Local

Allowances: 1 for Federal, State, and Local

*Pay Info:* Hourly, \$12.50/hour; \$18.75/hour, overtime; paid weekly

12. Print an employee list. (*Hint:* Reports & Forms; Payroll Employee List.)
13. Back up. (Use **Exercise 15-1** as the file name.)
14. Exit PCA or continue.

**Exercise 15-2:** Follow the instructions below to complete Exercise 15-2.

1. Start PCA. Open your company.
2. If necessary, restore data from Exercise 15-1.
3. On January 7, 2011, issue payroll check 6050 to Rick Cramer. Mr. Cramer worked 40 regular hours. Issue paychecks from the Payroll Checking Account. Type **6050** in the Check Number field. To post, save after each payroll transaction. The Payroll Entry window on the next page can be used for issuing paychecks 6050-6057. If necessary, record payroll tax amounts manually.

4. On January 7, 2011, issue payroll check 6051 to Margaret McClellan. Ms. McClellan worked 40 regular hours.
5. Make the following payroll entries for Rick Cramer and Margaret McClellan.

Date	Name	Hours Worked	Overtime	Check No.
1/14/11	R. Cramer	40		6052
	M. McClellan	40		6053
1/21/11	R. Cramer	40		6054
	M. McClellan	40		6055
1/28/11	R. Cramer	40		6056
	M. McClellan	40		6057

After recording the paycheck information, type the check number, then post. You do *not* need to print paychecks 6050–6057.

6. Print the Payroll Journal.
7. Complete account reconciliation for First Bank.



## Employees, Payroll, and Account Reconciliation 643

Statement of Account First Bank January 1 to January 31, 2011			Account No. 382-0312-19		Student Name Service Merchandise Student Address Student City, State, Zip	
REGULAR CHECKING						
Previous Balance		12/31/10	\$62,500.00			
6 Deposits(+)			7,360.20			
8 Checks (-)			6,835.57			
Service Charges (-)		1/31/11	12.00			
Ending Balance		1/31/11	63,012.63			
DEPOSITS						
1/15/11	367.20	1/24/11	275.40			
1/22/11	486.00	1/30/11	972.00			
1/23/11	507.60	1/31/11	4,752.00			
CHECKS (Asterisk * indicates break in check number sequence)						
	1/15/11	Transfer	5,450.00			
	1/15/11	2020	392.00			
	1/24/11	2021	235.20			
	1/24/11	2022	125.00			
	1/27/11	2023	41.00			
	1/27/11	2024	145.72			
	1/27/11	2025	46.65			
	1/30/11	2026	400.00			

8. Complete account reconciliation for the Payroll Checking Account.

## 644 Chapter 15

Statement of Account Payroll Checking Account January 1 to January 31, 2011			Account No. 613-4586770		Student Name Service Merchandise Student Address Student City, State, Zip	
REGULAR CHECKING						
Previous Balance	12/31/10		0.00			
1 Deposits(+)			5 450.00			
8 Checks (-)			3 130.16			
Service Charges (-)	1/31/11		15.00			
Ending Balance	1/31/11		2,304.84			
D						
	1/5/11		5,450.00			
CHECKS (Asterisk * indicates break in check number sequence)						
	1/7/11		6050	391.27		
	1/7/11		6051	391.27		
	1/14/11		6052	391.27		
	1/14/11		6053	391.27		
	1/21/11		6054	391.27		
	1/21/11		6055	391.27		
	1/28/11		6056	391.27		
	1/28/11		6057	391.27		

9. Print the account reconciliation report for First Bank.
10. Print the account reconciliation report for the Payroll Checking Account.
11. Print the Customer Ledgers, Vendor Ledgers; and Inventory Valuation Report.
12. Print the General Ledger Trial Balance.
13. Print the following financial statements: Balance Sheet, Income Statement, and Statement of Cash Flow.

**Check Your Figures:**

Total Assets:	\$188,267.47
Gross Profit	4,447.80
Net Increase in Cash	2,817.47

14. Make a backup. (Use **Exercise 15-2** as the file name.)

15. Export the following files to Excel:

- Employee List
- Customer Ledgers
- Vendor Ledgers
- Inventory Valuation Report
- Payroll Journal
- General Ledger Trial Balance
- Balance Sheet
- Income Statement
- Statement of Cash Flow.

16. Use the file name **Exercise 15-2\_EL\_CL\_VL\_IVR\_PayJ\_GLTB\_BS\_IS\_SCF.xlsx**.

**ASSESSMENT RUBRIC**

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 15, Assessment Rubric link.

Date	Transaction	Navigation Center/Module	Task Window	Journal Dr./Cr.
1/7	Issue payroll Check No. 6050 to Rick Cramer for 40 regular hours.			

**ANALYSIS QUESTION**

What is the purpose of the TAXTABLE.DAT file? How do you check that the company includes the payroll formulas?

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## Project

# 2

## Georgia Sports

In Project 2, you complete the Computer Accounting Cycle for Georgia Sports, a merchandising business. Georgia Sports sells mountain bicycles, road bicycles, and children's bicycles. It is organized as a corporation. You purchased Georgia Sports in December 2010.

It is the purpose of Project 2 to review what you have learned in Part 3 of the book, *Peachtree Complete Accounting for Merchandising Businesses*. Accounts payable, accounts receivable, payroll, and inventory transactions are included in this project. Account reconciliation is also completed.

Vendors offer Georgia Sports a purchase discount of 2% 15. Net 30 days.

At the end of Project 2, a checklist is shown listing the printed reports that you should have. The step-by-step instructions also remind you to print reports and back up.

Follow these steps to complete Project 2, Georgia Sports:

Step 1: Start Peachtree.

Step 2: If a company opens, from the menu bar, select File; New Company; No keeping another company open, Next. (Or, from the startup window, select Create a new Company.)

Step 3: Complete the following company information:


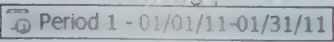
Company Name:	Georgia Sports (use your last name, then the company name; for example Smith Georgia Sports)
Address Line 1:	67021 Poinsettia Avenue
City, State, Zip:	Atlanta, GA 30353
Country:	USA



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Telephone: 404-555-3038  
Fax: 404-555-3240  
Business Type: Corporation  
Federal Employer ID: 54-122345  
State Employer ID: 98-7134589  
State Unemployment ID: 781483-5  
Web Site: www.georgiasports.com  
E-mail: mail@georgiasports.com

- Step 4: Accept the default for **Simple** business type that closely matches your company.
- Step 5: Scroll down the list. In the **Detailed types** list, select **Retail Company**. (*Hint: Accounts numbers are five digits.*)
- Step 6: Accept the default for **Accrual** accounting.
- Step 7: Accept the default for **Real Time** posting.
- Step 8: Accept the default for **12** monthly accounting periods.
- Step 9: Choose the first month of your fiscal year window appears. If necessary, select **2011** as the year.
- Step 10: At the **You are ready to create your company window**, click . When the **Peachtree Setup Guide** window appears, click on the box next to **Don't show this screen at startup** to place a checkmark in it. Close the **Setup Guide** window.
- Step 11: Change the accounting period to **01-Jan 01,2011 to Jan 31, 2011**—.

### General Ledger

1. Delete the accounts shown below and on the next page.

10000 Petty Cash  
10100 Cash on Hand  
10300 Payroll Checking Account

11500 Allowance for Doubtful Account  
 14200 Notes Receivable-Current  
 15400 Leasehold Improvements  
 15500 Building  
 15600 Building Improvements  
 16900 Land  
 17400 Accum. Depreciation - Leasehold  
 17500 Accum. Depreciation - Building  
 17600 Accum. Depreciation - Bldg Imp  
 19000 Deposits  
 19200 Note Receivable-Noncurrent  
 19900 Other Noncurrent Assets  
 23000 Accrued Expenses  
 24200 Current Portion Long-Term Debt  
 60500 Amortization Expense  
 63000 Charitable Contributions Exp  
 63500 Commissions and Fees Exp  
 65000 Employee Benefit Programs Exp  
 66000 Gifts Expense  
 68000 Laundry and Cleaning Exp  
 89000 Other Expense

*Change these account names:*

10200 Regular Checking Account to Interstate Bank  
 10400 Savings Account to First Savings & Loan  
 12000 Product Inventory to Inventory-Mountain Bikes  
 14000 Prepaid Expenses to Prepaid Insurance  
 23300 Deductions Payable to Medicare Employee Taxes Payabl  
 23800 Local Payroll Taxes Payable to Medicare Employer Taxes Payabl  
 24000 Other Taxes Payable to FICA Employee Taxes Payable  
 24100 Employee Benefits Payable to FICA Employer Taxes Payable  
 24800 Other Current Liabilities to Short-Term Notes Payable  
 27000 Notes Payable-Noncurrent to Long-Term Notes Payable  
 40000 Sales-Merchandise to Sales-Mountain Bikes  
 50000 Cost of Goods Sold to Cost of Sales-Mountain Bikes  
 72500 Penalties and Fines Exp to FUTA Expense  
 73000 Other Taxes to SUTA Expense  
 74000 Rent or Lease Expense to Rent-Mall Space

*Add these accounts:*

12020	Inventory-Road Bikes	Inventory
12030	Inventory-Children's Bikes	Inventory
23755	SUTA2 Payable	Other Current Liabilities

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40020	Sales-Road Bikes	Income
40030	Sales-Children's Bikes	Income
50020	Cost of Sales-Road Bikes	Cost of Sales
50030	Cost of Sales-Children's Bikes	Cost of Sales
73050	SUTA2 Expense	Expenses
73200	FICA Expense	Expenses
73300	Medicare Expense	Expenses

2. Back up. Use the file name is **Georgia Sports Chart of Accounts.ptb**.
3. Record chart of accounts beginning balances as of December 31, 2010. Use the Balance Sheet **Balance** to record the chart of account beginning balances.

Georgia Sports, Balance Sheet December 31, 2011		
ASSETS		
Current Assets		
Interstate Bank	\$ 83,400.00	
First Savings & Loan	12,500.00	
Inventory-Mountain Bikes	6,000.00	
Inventory-Road Bikes	8,250.00	
Inventory-Children's Bikes	4,050.00	
Prepaid Insurance	<u>2,400.00</u>	
Total Current Assets		\$116,600.00
Property and Equipment: Furniture and Fixtures	6,000.00	
Other Assets: Organization Costs	<u>500.00</u>	
Total Property and Equipment and Other Assets		<u>6,500.00</u>
Total Assets		<u>\$123,100.00</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-Term Notes Payable	4,000.00	
Long-Term Notes Payable	<u>5,500.00</u>	
Total Liabilities		\$9,500.00
Stockholder's Equity: Common Stock		<u>113,600.00</u>
Total Liabilities and Stockholders' Equity		<u>\$123,100.00</u>

4. Back up. Use the file name is **Georgia Sports Starting Balance Sheet.ptb**.

### **Accounts Payable**

Follow the instructions below to set up vendor information for Georgia Sports.

1. Set up the following vendor defaults.

Standard Terms:	Due in number of days
Net due in:	30 days
Discount in:	15 days
Discount %	2.00
Credit Limit:	15,000.00

#### *GL Link Accounts:*

Expense Account:	12000 Inventory-Mountain Bikes
Discount GL Account:	59500 Purchase Discounts

2. Set up the following vendors.

<b>Vendor ID:</b>	ABC111
Name:	ABC Mountain Bikes
Contact:	Allen Johnson
Mailing Address:	7700 Santa Monica Blvd.
City, ST Zip:	Los Angeles, CA 90046
Vendor Type:	mountain
1099 Type:	Independent Contractor
Expense Account:	12000, Inventory-Mountain Bikes
Telephone 1:	213-555-4390
Fax:	213-555-4392
E-Mail	info@abcmountainbikes.biz
Web Site:	www.abcmountainbikes.biz

#### *Purchase Info:*

Tax ID Number:	38-1959842
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<b>Vendor ID:</b>	ERB112
Name:	Eagan's Road Bikes

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Contact:	David Eagan
Mailing Address:	131 North Gila Bend
City, ST Zip:	El Paso, TX 76315
Vendor Type:	road
1099 Type:	Independent Contractor
Expense Account:	12020, Inventory-Road Bikes
Telephone 1:	915-555-9011
Fax:	915-555-9213
E-mail:	Eagan@roadbikes.com
Web Site:	www.roadbikes.com

### *Purchase Info:*

Tax ID Number:	44-9846341
----------------	------------

<b>Vendor ID:</b>	TTW11
Name:	Tiny Tots Wheels
Contact:	Mark Verdugo
Mailing Address:	1401 Aspen Place
City, ST Zip:	Flagstaff, AZ 86001
Vendor Type:	children
1099 Type:	Independent Contractor
Expense Account:	12030, Inventory-Children's Bikes
Telephone 1:	928-555-1340
Fax:	928-555-4311
E-mail:	info@tinytotswheels.biz
Web Site:	www.tinytotswheels.biz

### *Purchase Defaults:*

Tax ID Number:	78-4144389
----------------	------------

## **Accounts Receivable**

Follow these steps to set up customer information for Georgia Sports.

1. Set up the following customer defaults.

Standard Terms:	Due in number of days
Net due in:	30 days
Discount in:	0 days
Discount %:	0.00



---

Credit Limit:	5,000.00
GL Sales Account:	40000 Sales-Mountain Bikes
Discount GL Account:	49000 Sales Discounts

2. Use the Sales Tax Wizard to set up a new sales tax. (*Hint: Refer to Chapter 13, pages 508-512.*) For Project 2, the sales tax rate is 7%.

What is the total rate that you will charge? 7.00%  
How many individual rates make up this total rate? 1

Sales tax agency ID:	GA
Sales tax agency name:	Georgia Dept. of Revenue
Rate:	7.00
Account to track sales taxes:	23100, Sales Tax Payable
Sales tax ID:	GA
Sales tax name:	Georgia sales tax

3. Set up the following customers.

<b>Customer ID:</b>	DB001
Name:	Don Bryant
Billing Address:	1800 North Broadway
City, ST Zip:	Atlanta, GA 30311
Sales Tax:	GA
Customer Type:	FULT (for Fulton County)
Telephone 1:	404-555-1239
Fax:	404-555-8913
E-mail:	bryant@georgia.com
Web Site:	www.georgia.com/bryant

*Sales Info:*

GL Sales Acct:	40000, Sales-Mountain Bikes
----------------	-----------------------------

<b>Customer ID:</b>	RL002
Name:	Rick Lewis
Billing Address:	89345 University Avenue
City, ST Zip:	Atlanta, GA 30301
Sales Tax:	GA
Customer Type:	FULT
Telephone 1:	404-555-1489

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Fax: 404-555-4190  
E-mail: rick@atlanta.com  
Web Site: www.atlanta.com/lewis

### *Sales Info:*

GL Sales Acct: 40020, Sales-Road Bikes

**Customer ID:** SW001  
**Name:** Susie Walsh  
**Billing Address:** 89013 Sixth Street  
**City, ST Zip:** Atlanta, GA 30315  
**Sales Tax:** GA  
**Customer Type:** FULT  
**Telephone 1:** 404-555-4577  
**Fax:** 404-555-4579  
**E-mail:** walsh@atlanta.net  
**Web Site:** www.atlanta.net/susie

### *Sales Info:*

GL Sales Acct: 40030, Sales-Children's Bikes

## **Payroll**

1. Locate the directory for [your name] Georgia Sports by selecting Maintain; Company Information. Write down the Directory.
2. Exit Peachtree. *Before copying the TAXTABLE.DAT file, check with your instructor.* Copy the TAXTABLE.DAT from the BCS folder to your company's folder. (*Hint: Refer to pages 592-596, Copying the TAXTABLE.DAT File and User-Maintained Payroll Tables. Payroll taxes can also be recorded manually.*)
3. Start Peachtree. Open [Your Name] Georgia Sports. If you copied the TAXTABLE.DAT file, check the User-Maintained Payroll Formulas window (pages 594-596). Payroll formulas for Georgia appear. To

complete the Payroll setup wizard, refer to pages 597-601. (*Hint: Employees are salaried; there is no Overtime Expense* )

4. Refer to pages 602-604 for entering employee and employer default information. Use the Employee Fields shown below.

Fed\_Income, accept the default for Account No. 23400, Federal Payroll Taxes Payable.

Soc\_Sec, Account No. 24000, FICA Employee Taxes Payable

MEDICARE, Account No. 23300, Medicare Employee Taxes Payable

St\_Income, Account No. 23600, State Payroll Taxes Payable

5. Use the Company Fields shown below.

	<i>Liability column</i>	<i>Expense column</i>
Soc_Sec_C	24100, FICA Employer Taxes Payable	73200, FICA Expense
Medicare_C	23800 Medicare Employer Taxes Payable	73300, Medicare Expense
Fed_Unemp_C	23500, FUTA Tax Payable	72500, FUTA Expense
St_Unemp_C	23700, SUTA Payable	73000, SUTA Expense
St2_Unemp_C	23755, SUTA2 Payable	73050, SUTA2 Expense

6. Refer to pages 604-606 to complete the payroll setup wizard.
  - a. Compare your Assign Tax Fields for W-2s to page 606.
  - b. Compare your Assign Company-Paid Tax Fields to page 607.
  - c. Compare Employee-Paid State Taxes to page 607.

## 7. Add the following employees.

**Employee ID:** 1ML  
**Name:** Mitchell Lowe  
Accept the default for Employee  
**Address:** 414 Viejo Drive  
**City, ST Zip:** Atlanta, GA 30310  
**E-mail:** mitchell@mail.net  
**Home phone:** 404-555-6791  
**Social Security #:** 700-00-0001  
**Type:** FULL

*Withholding Info:*

**Filing Status:** Married for Federal, State  
Married/Jointly), and Local  
**Allow:** 2 for Federal, State and Local

*Pay Info:* Salary, \$500 per week. (Hint: Remember to select Salary  
as the Pay Method. Weekly is the default.)

**Employee ID:** 2JW  
**Name:** Jesse Wilson  
Accept the default for Employee  
**Address:** 5699 Oak Street, Apt. 2C  
**City, ST Zip:** Atlanta, GA 30333  
**E-mail:** jesse@mail.net  
**Home phone:** 404-555-7833  
**Social Security #:** 008-00-0005  
**Type:** FULL

*Withholding Info:*

**Filing Status:** Married for Federal, State  
(Married/Jointly), and Local  
**Allow:** 2 for Federal, State and Local

*Pay Info:* Salary, \$500 per week.

8. Close.

## Inventory

1. Set up the following inventory defaults. Click on the GL Accts/Costing tab.
2. Set up LIFO as the inventory costing method.
3. Set up the following Inventory items.

<b>Item ID:</b>	mbikes
Description:	mountain bikes
Item Class:	Stock item
Description for Sales:	mountain bikes
Price Level 1:	300.00
Last Unit Cost:	150.00
Cost Method:	LIFO
GL Sales Acct:	40000 Sales-Mountain Bikes
GL Inventory Acct:	12000, Merchandise Inventory-Mountain Bikes
GL Cost of Sales Acct:	50000, Cost of Sales-Mountain Bikes
Item Tax Type:	1
Item Type:	mountain
Stocking U/M:	each
Minimum Stock:	10
Reorder Quantity:	5
Preferred Vendor ID:	ABC Mountain Bikes

Beginning Balances: mountain bikes

Quantity:	40.00
Unit Cost:	150.00
Total Cost:	6,000.00

<b>Item ID:</b>	rbikes
Description:	road bikes
Item Class:	Stock item
Description for Sales:	road bikes
Price Level 1:	150.00
Last Unit Cost:	75.00



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Cost Method: LIFO  
GL Sales Acct: 40020, Sales-Road Bikes  
GL Inventory Acct: 12020, Inventory-Road Bikes  
GL Cost of Sales Acct: 50020, Cost of Sales-Road Bikes  
Item Tax Type: 1  
Item Type: road  
Stocking U/M: each  
Minimum Stock: 10  
Reorder Quantity: 5  
Preferred Vendor ID: Eagan's Road Bikes

Beginning Balances: Road Bikes

Quantity: 110.00  
Unit Cost: 75.00  
Total Cost: 8,250.00

Item ID: cbikes  
Description: children's bikes  
Item Class: Stock item  
Description for Sales: children's bikes  
Price Level 1: 90.00  
Last Unit Cost: 45.00  
Cost Method: LIFO  
GL Sales Acct: 40030, Sales-Children's Bikes  
GL Inventory Acct: 12030, Inventory-Children's Bikes  
Cost of Sales Acct: 50030, Cost of Sales-Children's Bikes  
Item Tax Type: 1  
Item Type: children  
Stocking U/M: each  
Minimum Stock: 10  
Reorder Quantity: 5  
Preferred Vendor ID: Tiny Tots Wheels

Beginning Balances: children's bikes

Quantity: 90.00  
Unit Cost: 45.00  
Total Cost: 4,050.00

4. Back up. Use **Georgia Sports Begin.ptb** as the filename.



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- 01/07/11 Invoice No. 801 was received from Tiny Tots Wheels for 15 children's bikes at \$45 each.
- 01/07/11 Invoice No. ER555 was received from Eagan's Road Bikes for 12 road bikes at \$75 each.
- 01/11/11 Deposited cash sales of \$2,670.90 (\$2,670 plus sales taxes of \$186.90): 4 mountain bikes, \$1,200; 5 road bikes, \$750; 8 children's bikes, \$720. Cash sales are deposited in the Interstate Bank account. (*Hint: Make sure the correct Sales account is credited.*)
- 01/14/11 Deposited cash sales of \$1,950.50 (\$1,950 plus sales taxes of \$136.50): 5 children's bikes, \$450; 4 road bikes, \$600; and 3 mountain bikes, \$900.
- 01/14/11 Sold one mountain bike to Don Bryant on account, Sales Invoice 101. (*Hint: Type the invoice number in the Invoice # field. If necessary, select Layout, <Predefined> Product as the Invoice type.*)
- 01/14/11 Issued pay checks 5003 and 5004 for Mitchell Lowe and Jesse Wilson. (*Hint: If necessary, complete the Check Number field.*)
- 01/18/11 Deposited cash sales of \$2,054.40 (\$1,920 plus sales taxes of \$134.40): 3 children's bikes, \$270; 2 mountain bikes, \$600; 7 road bikes, \$1,050.
- 01/21/11 Issued Check No. 5005 to ABC Mountain Bikes in payment of purchase Invoice No. 74A. Complete the Check Number field. Issue checks from the Interstate Bank account. (Make sure that the Discount Account field shows 59500 for Purchase Discounts.)
- 01/21/11 Issued Check No. 5006 to Eagan's Road Bikes in payment of purchase Invoice No. ER555.
- 01/21/11 Issued Check No. 5007 to Tiny Tots Wheels in payment of purchase Invoice No. 801.

- 01/21/11 Issued pay checks 5009 and 5010 for Mitchell Lowe and Jesse Wilson.
- 01/24/11 Deposited cash sales of \$4,076.70 (\$3,810, plus sales taxes of \$266.70): 6 mountain bikes, \$1,800; 8 road bikes, \$1,200; 9 children's bikes, \$810.
- 01/24/11 Issued Check No. 5008 to Pavilion Rentals for \$1,350 in payment of mall space rent for Georgia Sports. (*Hint: Remember to complete the Check Number field.*)
- 01/25/11 Sold one children's bike to Susie Walsh on account, Sales Invoice 102. (*Hint: Type the invoice number in the Invoice No. field.*)
- 01/25/11 Invoice No. 88A was received from ABC Mountain Bikes for three mountain bikes at \$150 each.
- 01/25/11 Invoice No. 962 was received from Tiny Tots Wheels for five children's bikes at \$45 each.
- 01/25/11 Invoice No. ER702 was received from Eagan's Road Bikes for five road bikes at \$75 each.
- 01/28/11 Deposited cash sales of \$3,466.80 (\$3,240 plus sales taxes of \$226.80): 6 mountain bikes, \$1,800; 6 road bikes, \$900; 6 children's bikes, \$540.
- 01/28/11 Issued pay checks 5011 and 5012 for Mitchell Lowe and Jesse Wilson.
- 01/29/11 Issued Check No. 5013 to Sherry Mills for \$245 in payment of Short-Term Notes Payable.
- 01/29/11 Issued Check No. 5014 to Interstate Bank for \$175.80 in payment of Long-Term Notes Payable.
- 01/29/11 Issued Check No. 5015 to Atlantic Utilities for \$226.65 in payment of utilities.

Complete account reconciliation for the Interstate Bank account. The January 31, 2011 bank statement is shown on the next page.

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## 662 Project 2: Georgia Sports

Statement of Account Interstate Bank January 1 to January 31, 2011		Account No. 345911-2901		Georgia Sports 67021 Poinsettia Avenue Atlanta, GA 30353	
REGULAR CHECKING					
Previous Balance		12/31/10	\$83,400.00		
5 Deposits(+)			14 541.30		
12 Checks (-)			7,336.04		
Service Charges (-)		1/31/11	15.00		
Ending Balance		1/31/11	90,590.26		
DEPOSITS					
1/12/11	2,856.90	1/23/11	4 076.70		
1/15/11	2,086.50	1/30/11	3,466.80		
1/18/11	2,054.40				
CHECKS (Asterisk * indicates break in check number sequence)					
	1/12/11	5001	425.29		
	1/12/11	5002	425.29		
	1/19/11	5003	425.29		
	1/19/11	5004	425.29		
	1/26/11	5005	1,470.00		
	1/26/11	5006	882.00		
	1/26/11	5007	661.50		
	1/27/11	5008	1,350.00		
	1/27/11	5009	425.29		
	1/27/11	5010*	425.29		
	1/30/11	5013	245.00		
	1/30/11	5014	175.80		

Print the following reports:

1. Print the General Ledger Trial Balance.
2. Print the Account Reconciliation report for the Interstate Bank.
3. Print the Inventory Valuation Report.
4. Print the financial statements: Balance Sheet, Income Statement, and Statement of Cash Flow.



5. Print the Customer Ledgers and Vendor Ledgers.
6. Back up. Use the file name **Georgia Sports January.ptb**.
7. Export the following reports to Excel: Chart of Accounts, Customer Ledgers, Vendor Ledgers, General Ledger Trial Balance, Account Reconciliation, Balance Sheet, Income Statement, Statement of Cash Flow. Use the file name **Georgia Sports\_CofA\_CL\_VL\_GLTB\_AcctRec\_BS\_IS\_SCF.xlsx**.

CHECKLIST OF PRINTOUTS, Georgia Sports		
	1	General Ledger Trial Balance
	2	Account Reconciliation – Interstate Bank
	3	Inventory Valuation Report
	4	Balance Sheet
	5	Income Statement
	6	Statement of Cash Flow
	7	Customer Ledgers
	8	Vendor Ledgers
OPTIONAL PRINTOUTS		
	9	Chart of Accounts
	10	General Ledger
	11	Customer List
	12	Vendor List
	13	Purchase Journal
	14	Cash Disbursements Journal
	15	Sales Journal
	16	Cash Receipts Journal
	17	Payroll Journal
	18	Cost of Goods Sold Journal

Student Name \_\_\_\_\_ Date \_\_\_\_\_

**CHECK YOUR PROGRESS: PROJECT 2, Georgia Sports**

1. What are the total debit and credit balances on your General Ledger Trial Balance? \_\_\_\_\_
2. What are the total assets on January 31? \_\_\_\_\_
3. What is the balance in the Interstate Bank account on January 31? \_\_\_\_\_
4. How much are total revenues as of January 31? \_\_\_\_\_
5. How much net income (net loss) is reported on January 31? \_\_\_\_\_
6. What is the balance in the Inventory-Mountain Bikes account on January 31? \_\_\_\_\_
7. What is the balance in the Inventory-Road Bikes account on January 31? \_\_\_\_\_
8. What is the balance in the Inventory-Children's Bikes account on January 31? \_\_\_\_\_
9. What is the balance in the Short-Term Notes Payable account on January 31? \_\_\_\_\_
10. What is the balance in the Common Stock account on January 31? \_\_\_\_\_
11. What are the total expenses reported on January 31? \_\_\_\_\_
12. Were any Accounts Payable incurred during the month of January? (Circle your answer.) YES NO

# Project 2A

## Student-Designed Merchandising Business

In Chapters 12, 13, 14, 15 and Project 2, you learned how to complete the Computer Accounting Cycle for merchandising businesses. Project 2A gives you a chance to design a merchandising business of your own.

You select the type of merchandising business you want, edit your business's Chart of Accounts, create an opening Balance Sheet and transactions, and complete PCA's computer accounting cycle. Project 2A also gives you an opportunity to review the software features learned so far.

You should think about the kind of business you want to create. In Chapters 12, 13, 14 and 15 you worked with Samantha's Service Merchandise, a partnership form of business; and Your Name Sales & Service, a sole proprietorship. In Project 2, you worked with Georgia Sports, a corporate form of business. You might want to design businesses similar to these. Other merchandising businesses include: jewelry store, automobile dealer, convenience store, florist, furniture dealer, etc.

Before you begin, you should design your business. You need the following:

1. Company information that includes business name, address, telephone number, and form of business.
2. One of PCA's sample companies.
3. A Chart of Accounts: 80 accounts minimum, 110 accounts maximum.
4. A Balance Sheet for your business.
5. One month's transactions for your business. These transactions must include accounts receivable, accounts payable, inventory, and payroll. You should have a minimum of 25 transactions; a maximum of 35 transactions. Your transactions should result in a net income.
6. A bank statement.
7. Complete another month of transactions that result in a net loss.

## 666 Project 2A: Student-Designed Merchandising Business

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After you have created your business, you should follow the steps of PCA's computer accounting cycle to complete Project 2A.

After completing the Student-Designed Merchandising Business, you should have the following printouts.

<b>CHECKLIST OF PRINTOUTS</b>		
<b>Student-Designed Merchandising Business</b>		
	1	General Ledger Trial Balance
	2	Account Reconciliation Report
	3	Inventory Valuation Report
	4	Balance Sheet
	5	Income Statement
	6	Statement of Cash Flow
	7	Customer Ledgers
	8	Vendor Ledgers
<b>OPTIONAL PRINTOUTS</b>		
	9	Chart of Accounts
	10	General Ledger
	11	Customer List
	12	Vendor List
	13	Purchase Journal
	14	Cash Disbursements Journal
	15	Sales Journal
	16	Cash Receipts Journal
	17	Payroll Journal
	18	Cost of Goods Sold Journal

# Part 4

## Advanced Peachtree Complete Accounting 2011 Applications

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Part 4 includes three chapters and three projects.

Chapter 16: Customizing Forms

Chapter 17: Import/Export

Chapter 18: Microsoft Word and Templates

Project 3: Norcross Computer Club (a nonprofit company)

Project 4: RW Manufacturing

Project 4A: Student-Designed Project

Chapter 16, Customizing Forms, shows how to change the preprinted forms included with the software.

Chapter 17, Import/Export, shows how to use PCA 2011 with a word processing program.

Chapter 18, Microsoft Word and Templates, shows you how to copy Peachtree reports to Microsoft Word, use Peachtree's write letters feature, and create templates.

Projects 3 and 4 complete your study of *Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15<sup>th</sup> Edition*. All features of the software are included for review in these projects.

Project 4A gives you an opportunity to add another month's worth of transactions to any of the projects that you have completed.

The chart on the next page shows the size of the backups made in Part 4--Chapters 16, 17, 18, Project 3 and Project 4. You may back up to external media, the hard drive, or network. *To complete work in Chapters 16-18, the Exercise 6-2.ptb file is restored.* (There are no backups in Chapter 16.)



Chapter	File Name	Kilobytes	Page No.
17	customer.csv	33 KB	700-701
	customer.txt	33 KB	703
18	Bellwether Garden Supply.docx	11 KB	717
	Customer Letters.docx	3,042 KB	719
	Bellwether Sales Special.doc	578 KB	723
	Exercise 18-1.docx	3,043 KB	729
	Exercise 18-2.docx	3,042 KB	729
Project 3	Norcross Computer Club Chart of Accounts.ptb	1,304 KB	735
	Norcross Computer Club Starting Balance Sheet.ptb	1,306 KB	736
	Norcross Computer Club January.ptb	1,323 KB	738
	Norcross Computer Club_CofA_CDJ_CRJ_GLTB_BS_IS_SCF_SRE.xlsx	39 KB	738
Project 4	RW Mftg Chart of Accounts.ptb	1,307 KB	743
	RW Mftg. Starting Balance Sheet.ptb	1,311 KB	744
	RW Mftg Begin.ptb	1,387 KB	755
	RW Mftg_January.ptb	1,465 KB	761
	RW Mftg_CofA_GLTB_BS_IS_SCF_SRE.xlsx	29 KB	761

The size of your backup files may differ from the amounts shown on the table.

Extensions that end .docx (Word) or .xlsx (Excel) are saved in the 2007 or 2010 versions of Microsoft Office. If you are saving in Office 2003 or below, the extensions are .doc and .xls. For example, in Chapter 18 the letter templates default to .doc files.

## Chapter

# 16

## Customizing Forms

### LEARNING OBJECTIVES

1. Define Peachtree forms.
2. Customize a form (invoice).
3. Print a practice form.
4. Use design tools.
5. Use the Financial Statement Wizard.
6. Complete the Internet Activity.

You have used many different kinds of forms: invoices, statements, checks, etc. There may be times when you want to create your own form or customize one of the formats that come with PCA. You can customize forms with PCA's Forms Designer.<sup>1</sup>

### PRINTING FORMS

There are three types of documents that can be accessed from the Reports & Forms menu:

- Reports
- Financial Statements
- Forms

The rules for each type of document are different for printing and designing. This chapter will explain the rules for designing forms.

### WHAT IS A FORM?

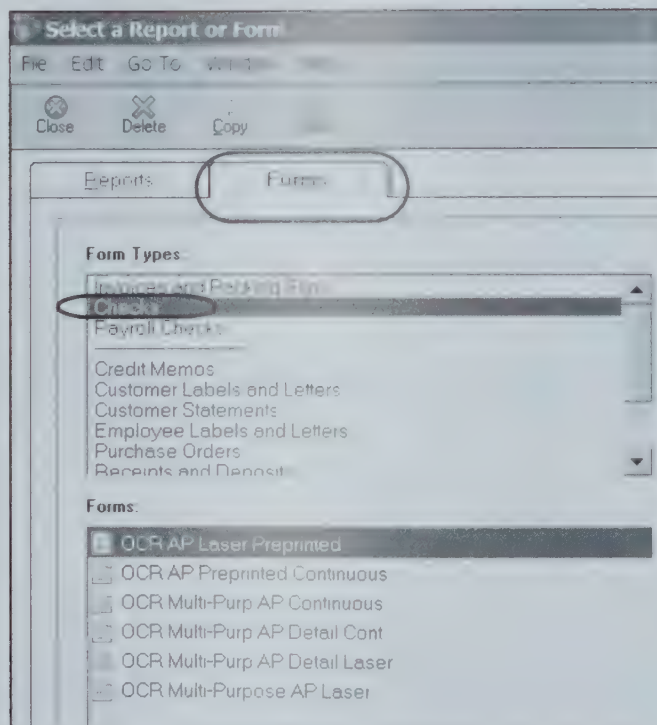
A form in Peachtree is a document that you exchange with customers, vendors, or employees. The forms that come with PCA include checks,

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<sup>1</sup>You need a mouse to use the forms designer.

tax forms, invoices, statements, mailing labels, quotes, and collection letters.

Usually, these documents are printed on preprinted forms, but you can also design a form and print on blank paper. When you are ready to print or design a form, you select Reports & Forms, then select Forms. Select the appropriate form from the Forms Types list. The illustration below shows the Checks selection. From the Forms list, additional selections can be made.



The Select a Report or Form window lists all the reports and forms currently set up in Peachtree. Reports include financial statements, aging reports, etc. Forms are usually tied to a transaction, such as an invoice or check. Letters are also listed on the Forms tab.

The following table lists the forms that can be printed or edited:

Accounts Receivable	Accounts Payable	Payroll
Collection letters	1099 Forms	Payroll checks
Credit memos	Disbursement checks	Employee mailing labels
Customer labels	Purchase orders	
Customer quotes	Vendor mailing labels	
Customer statements		
Invoices/packing slips		
Receipts		
Sales orders		

Preprinted paper forms require special attention because the forms must be aligned in the printer correctly and the printer must be configured to accommodate the form. That is why forms cannot be displayed on your screen prior to printing. You can print practice forms to test alignment and printer configuration, or you can view the layout of the form.


## GETTING STARTED

In this chapter, you are going to use Bellwether Garden Supply (the sample company that you used in Chapters 1 through 7).

1. Start Peachtree.
2. Open the sample company, Bellwether Garden Supply. (The instructions in this chapter assume that you are using data from the Exercise 6-2.ptb backup made on page 228. No new data was added in Chapter 7.)

### Comment


You can use beginning Bellwether Garden Supply data or any subsequent Bellwether backup. To install Bellwether's starting data, restore the bgs.ptb backup file. Steps for restoring the bgs.ptb backup file are on pages 28-32.

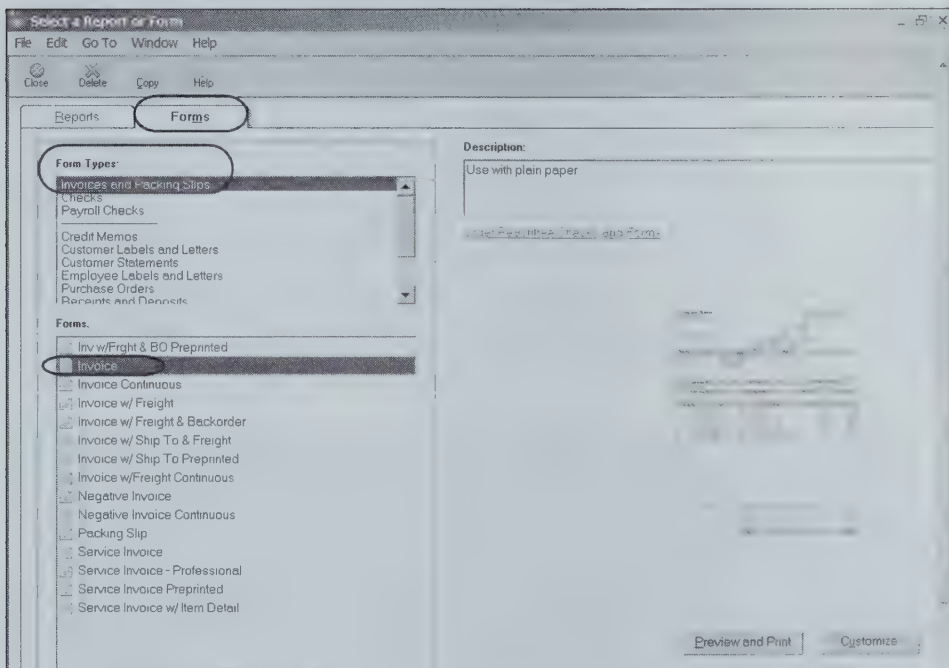
-  To verify Exercise 6-2 data, display the balance sheet. A partial balance sheet is shown below. Chapter 7's balance sheet is shown on pages 239-240. (If you restored the bgs.ptb backup file, your balance sheet will differ.)


Bellwether Garden Supply Balance Sheet March 31, 2011		
ASSETS		
Current Assets		
Petty Cash	\$ 327.55	
Cash on Hand	1,850.15	
Regular Checking Account	9,016.52	
Payroll Checking Account	8,836.40	
Savings Account	7,500.00	
Money Market Fund	4,500.00	
Accounts Receivable	175,846.38	
Other Receivables	7,681.84	
Allowance for Doubtful Account	(5,000.00)	
Inventory	12,453.96	
Prepaid Expenses	14,221.30	
Employee Advances	3,000.65	
Notes Receivable-Current	11,000.00	
Other Current Assets	120.00	
Total Current Assets		251,385.05
Property and Equipment		
Furniture and Fixtures	62,769.25	
Equipment	38,738.33	
Vehicles	86,273.40	
Other Depreciable Property	6,200.96	
Buildings	185,500.00	
Building Improvements	26,500.00	
Accum. Depreciation-Furniture	(54,680.57)	
Accum. Depreciation-Equipment	(33,138.11)	
Accum. Depreciation-Vehicles	(51,585.26)	
Accum. Depreciation-Other	(3,788.84)	
Accum. Depreciation-Buildings	(34,483.97)	
Accum. Depreciation-Bldg Imp	(4,926.28)	
Total Property and Equipment		223,578.91
Other Assets		
Deposits	15,000.00	
Organization Costs	4,995.10	
Accum Amortiz - Organiz Costs	(2,000.00)	
Notes Receivable- Noncurrent	5,004.90	
Other Noncurrent Assets	3,333.00	
Total Other Assets		26,333.00
Total Assets	\$	501,096.96



## CUSTOMIZING A FORM


1. From the Navigation Bar, select . In the Recently Used Customer Reports area, link to View All Customer & Sales Reports. The Select a Report or Form window displays.
2. Select the Forms tab. In the Form Types list, Invoices and Packing Slips is highlighted.
3. In the Forms list, select Invoice. Observe that the Description field shows Use with plain paper.




4. Click . The window for designing an invoice form appears. A partial Invoice window is shown on the next page. This window allows you to create new customized forms or edit existing forms to match your business's needs.

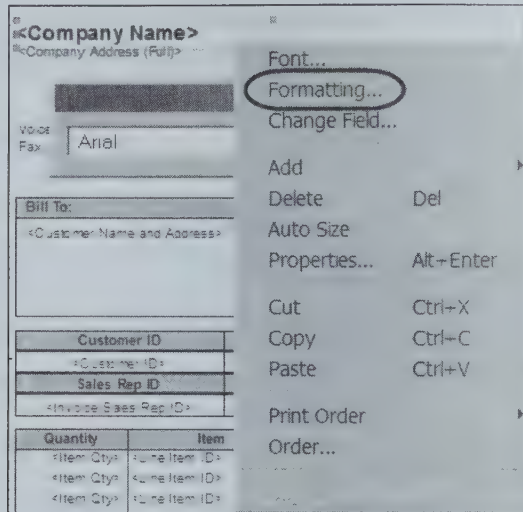
You have several options available for customizing the form. On the left side of the window are design tools: Select, Add, Delete, Line Up, Resize. These assist in selecting and adding various types of form objects.

You can also design forms in certain task windows (for example, Sales/Invoicing, Payments, and Payroll Entry) by selecting the Print button, then Form Design on the Print dialog.

5. To select an object for customizing, use the Selection tool  [Select]. With your mouse pointer, you can drag and drop objects to move

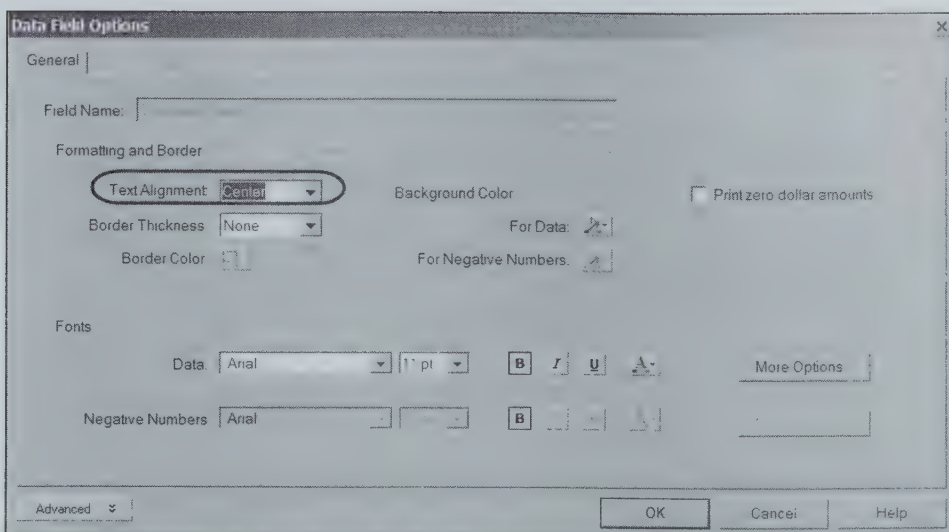
them around. Click  [Select]. Then move your mouse cursor to the inside of the form (inside the red outline). Click on the <Company Name> field to select it (field selection is indicated by a box).

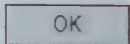
6. With the <Company Name> field selected (blue box is around it), right-click.




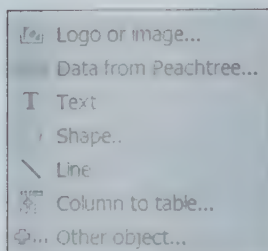
You can also click **Properties...** on the window within the Invoice.

7. Left-click Formatting. The Data field Options window appears. In the Text alignment field, select Center.



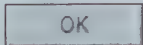

8. Click . Observe that the <Company Name> field moves to the center. Right-click on various fields and make changes such as font size, alignment, etc. You might delete a field or two as well.

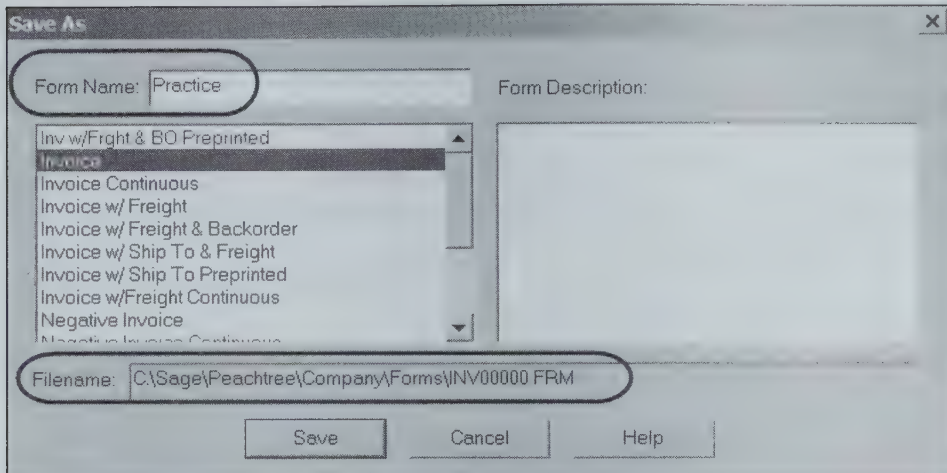
9. Click . Observe that you can add a Logo or image, Data from Peachtree, Text, Shape, Line, Column to table, and Other object.





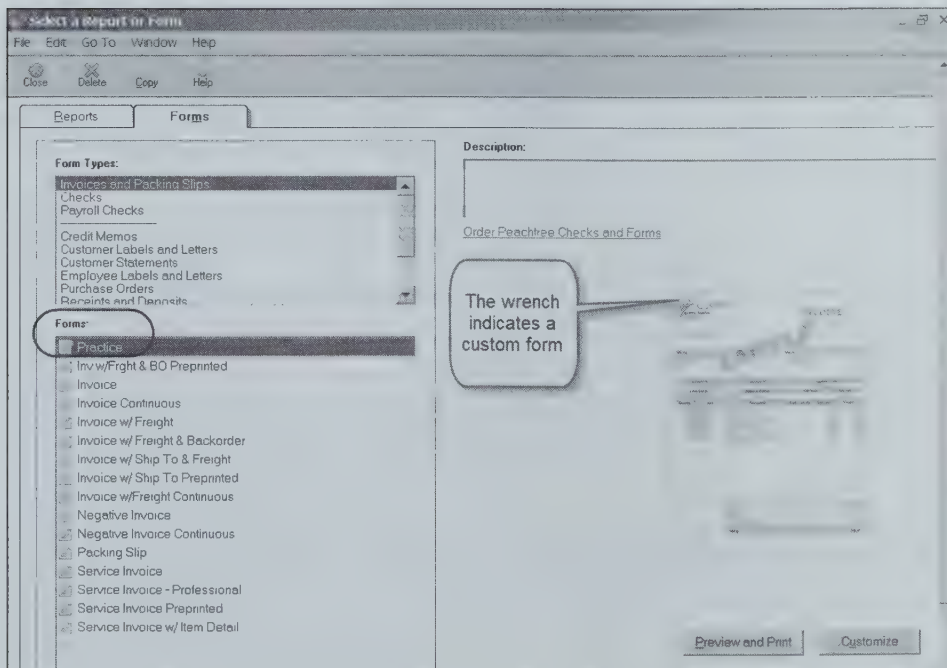
10. On the icon bar of the Forms Designer, click . The Forms Design Options window appears.

Select the Display tab to select various display options. Select the Grid/Copies tab to adjust grid options and specify a default number of copies for this form. (*Hint: You may also accept the default selections.*)

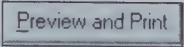
11. Click  to close the Forms Design Options window.
12. When finished designing the form, select . The Save As window appears.
13. Type **Practice** in the Form Name field. Observe that the Filename field shows the path for this form. Compare your Save As window with the one shown on the next page.



14. Click . Click . Observe that Practice is shown on the Forms list with a wrench next to it. A wrench indicates a Custom Peachtree form. Select Practice.

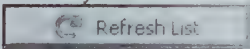


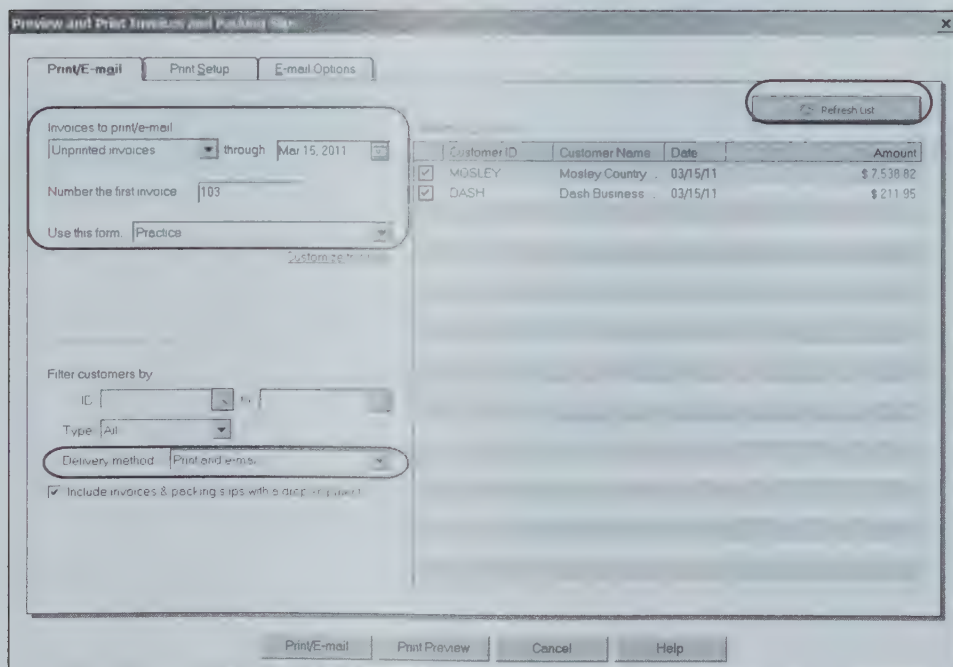


15. Click .

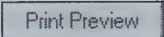
## PRINTING CUSTOMIZED FORMS

The Preview and Print Invoices and Packing Slips window should be displayed. Follow these steps to see the redesigned Invoice.



1. Make the following selections on the Preview and Print Invoices and Packing Slips window
  - a. The Invoices to print/e-mail field shows Unprinted invoices through Mar 15, 2011.
  - b. The Number the first invoice field shows 103.
  - c. The Use this form field shows Practice.
  - d. The Delivery method field shows Print and e-mail.
  - e. Click .



Customer ID	Customer Name	Date	Amount
WOSLEY	Mosley County	03/15/11	\$ 7,538.82
DASH	Dash Business	03/15/11	\$ 211.95

2. Click . Invoice Number 103 appears. Notice in the illustration below that Bellwether Garden Supply and its address information has been centered. Your Invoice may differ depending on which fields you changed. A partial Invoice is shown below.

<b>Bellwether Garden Supply</b> 1505 Pavilion Place Norcross, GA 30093-3203 USA		<b>INVOICE</b> Invoice Number: 103 Invoice Date: Mar 19, 2011 Page: 1		
Voice: 770-724-4000 Fax: 770-555-1234				
<b>Bill To:</b> Mosley Country Club 1 Howell Walk Duluth, GA 30096		<b>Ship to:</b> Mosley Country Club 1 Howell Walk Duluth, GA 30096		
<b>Customer ID</b>	<b>Customer PO</b>	<b>Payment Terms</b>		
MOSLE		2% 10, Net 30 Days		
<b>Sales Rep ID</b>	<b>Shipping Method</b>	<b>Ship Date</b>	<b>Due Date</b>	
SPRICHARD	None		2/19/11	
<b>Quantity</b>	<b>Item</b>	<b>Description</b>	<b>Unit Price</b>	<b>Amount</b>
20.00	NU RS-21900	Ficus Tree 22" - 26"	59.95	1,199.00
25.00	NU RS-22000	Ginko Tree 14" - 16"	49.95	1,248.75
10.00	NU RS-23000	Washington Palm Tree - 5 Gallon	49.00	490.00
20.00	NU RS-23010	Washington Palm Tree - 10 gallon	119.00	2,380.00
10.00	NU RS-24000	Chinese Fan Palm Tree - 5 gallon	49.95	499.50
10.00	NU RS-24010	Chinese Fan Palm Tree - 10 gallon	122.00	1,220.00
15.00	SOIL-34160	GA Pine Straw - wire tied 4 cubic ft. bale	6.99	104.85
1.00	TOOL-35300	Bell-Gro Wheelbarrow - Green Metal; Holds 6 cubic feet	49.99	49.99

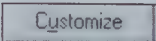
3. Click  to see Invoice Number 104. Click . When the Did the Invoices print and e-mail properly...window appears, click


Yes

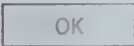
4. Close the Select a Report or Form window.

## EDITING A FORM DESIGN

- From the menu bar, select Reports & Forms; Forms, Invoices and Packing Slips.
- In the Forms list, select Practice.

3. Click . Select the fields you want to change.

4. On the Practice window's icon bar, click . Select the Display tab to select various display options. Select the Grid/Copies tab to adjust grid options and specify a default number of copies for this form.

5. When through, click .

6. Save the form. Use the same filename, Practice.

## DESIGN TOOLS

The forms designer includes design tools: Select, Add, Delete, Line Up, Resize. These terms are defined as follows:

### Object Toolbar



Select: Select this to use the Selection tools to highlight or select one or more form objects.



Add: Select Add to add an object to the form. You can add an image or logo, data field, text field, column field, shape, line or other object using this tool.



Delete: Select Delete to delete the object or objects that you have selected on the form.



Line Up: Select Line Up to align the objects that you have selected on the form. You can Line Up-Left, Right, Top, bottom.



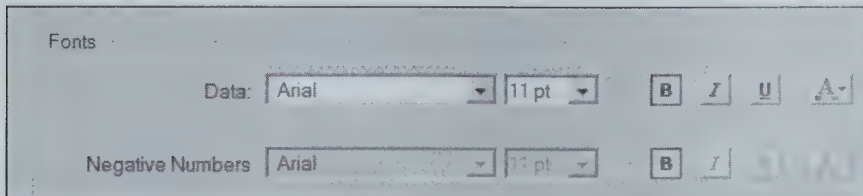
**Resize:** Select Resize to resize the objects that you have selected on the form. You can resize the width and height.



Click **Close** to return to the Select a Report or Form window. Close to return to the menu bar.

## Formatting Toolbar

Use the formatting toolbar to change the format of the selected object on your form. Use this toolbar to change the font, color, and background color of the selected object. If you have selected a text object, you can click the Edit Text button to change the text. Clicking the Properties button will open the corresponding property window, where you can modify the object's properties. The Fonts section of the Data Field Options window is shown below.



You may want to experiment with the Practice form to see some of these design features.

## FINANCIAL STATEMENT DESIGN TOOLS

When you design a financial statement, use the financial statement Design Tools window. It has three major areas: the toolbar at the top of the window, the design toolbar at the side of the window where you select the type of fields you want to place on the designer, and the design area where you actually create the financial statement.

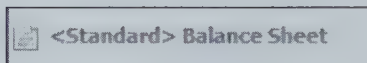
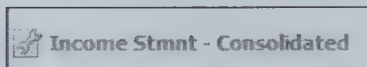
When you create a financial statement, you work with five areas: 1) the header; 2) lines of text; 3) columns; 4) totals; 5) footer. Follow these steps to see the designing tools that are available on the Statement of Cash Flow.





forms (those that came with Peachtree), you must rename the form before saving your changes. You cannot save changes to the standard forms using the original form name. This allows you to keep the standard form in case you make a design error and need to start over.

A custom form appears on the report list with a different icon than a <Standard> form. Predefined or standard forms and reports are included with the software.



The financial statement design tools are shown below.



Use the Property tool to work with the properties window for the selected row type. For example, if you select a text row, the text window opens.



Use the Text tool to insert text that you will not change from statement to statement (for example, section headings).



Use the Column tool to define columns, enter a title for each column, select the alignment of each column title (left, right, or center) and select the style, size and color of the text.



Once the columns are defined, use the Line tool to define what data to put in each row of a column. Line objects are placed below column objects.



Use the Total tool to tell the program how to calculate totals and subtotals.



Use the Cut tool to remove the selected row and copy it to the Windows Clipboard.



Use the Copy tool to copy the selected row to the Windows Clipboard.



Use the Paste tool to insert the current row from the Windows Clipboard.



Use the Up tool to move the selected row up one position in the list of rows.



Use the Down tool to move a selected row down one position in the list of rows.

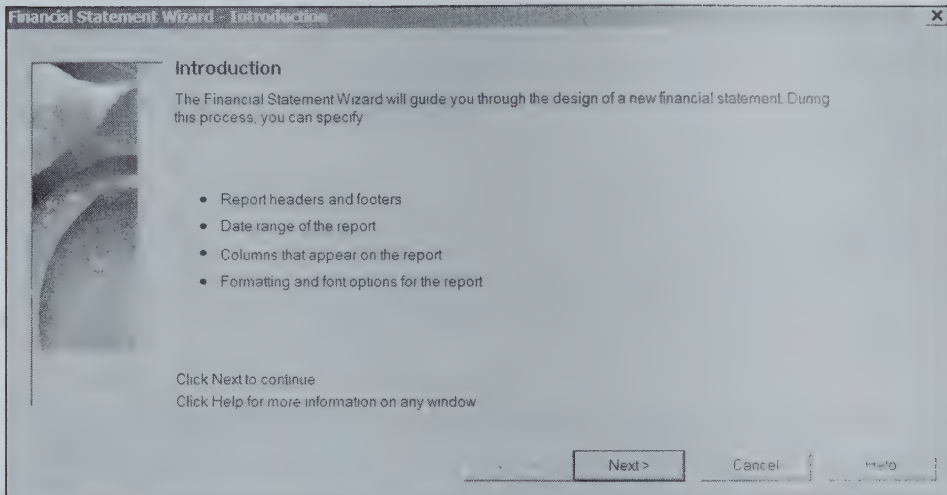
You can select multiple rows in the window and then apply the cut, copy, and paste functions to all of them. To select multiple rows, hold down the Ctrl key, and then with the cursor select the buttons that define the rows you want.

## FINANCIAL STATEMENT WIZARD

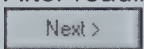
The Financial Statement Wizard walks you through the process of designing financial statements. Follow these steps to use the Financial Statement Wizard.

1. If necessary start Peachtree. Open Bellwether Garden Supply.
2. From the Company Navigation Center, link to View All Financial Statements. The Select a Report or Form window appears.

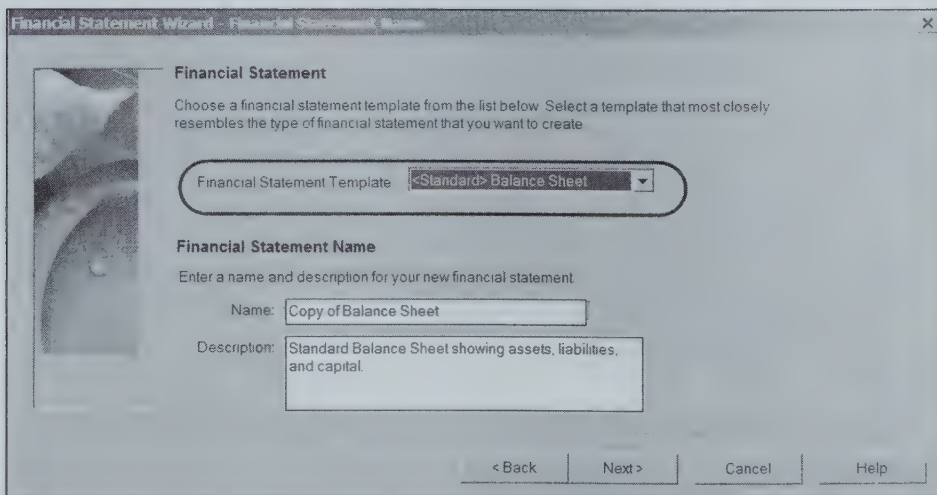
3. Link to Financial Statement Wizard (upper right side of window).

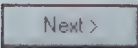
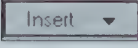


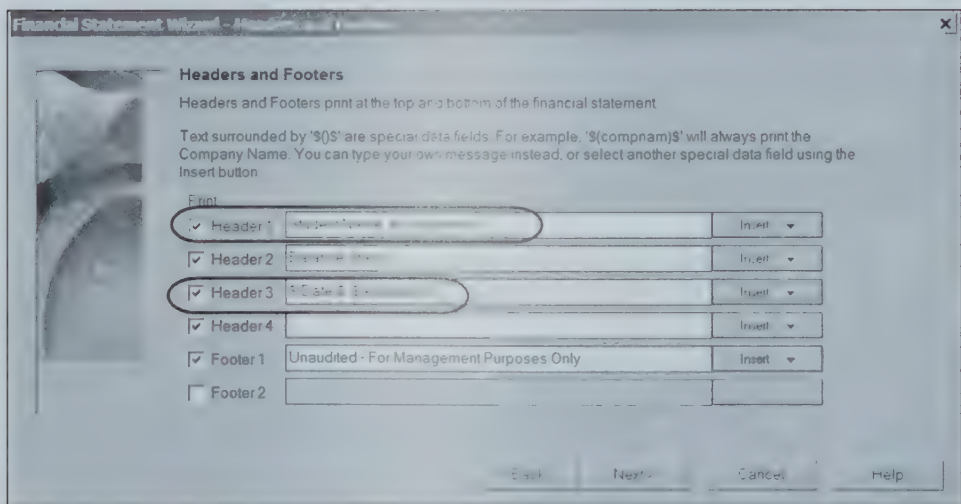
4. After reading the information on the Introduction window, click



5. Make sure <Standard> Balance Sheet appears in the Financial Statement Template field. If necessary, select it.



6. After reading the information on the Financial Statement window, click . The Headers and Footers window appears.
7. The Headers and Footers window allows you to change information at the top and bottom of the balance sheet. For purposes of this exercise, click on the Header 1 line, then type **your name** followed by a comma and a space.
8. In the Header 3 line, click on the beginning of the line, then click  (down arrow next to Insert). Select Today's Date from the drop-down list. Type a comma after \$(Date)\$, then put a space between the \$(Date)\$ and \$(enddate)\$ comments. Compare your Headers and Footers window with the one shown below.



**Financial Statement Wizard - Headers and Footers**

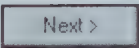
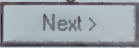
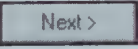
**Headers and Footers**

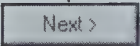
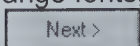
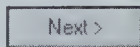
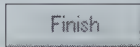

Headers and Footers print at the top and bottom of the financial statement

Text surrounded by '\$()' are special data fields. For example, '\$(compnam)\$' will always print the Company Name. You can type your own message instead, or select another special data field using the Insert button

Print	Header/Footer	Insert
<input checked="" type="checkbox"/> Header 1	Your Name,	Insert ▼
<input checked="" type="checkbox"/> Header 2	Balance Sheet	Insert ▼
<input checked="" type="checkbox"/> Header 3	\$(Date)\$,	Insert ▼
<input checked="" type="checkbox"/> Header 4		Insert ▼
<input checked="" type="checkbox"/> Footer 1	Unaudited - For Management Purposes Only	Insert ▼
<input type="checkbox"/> Footer 2		

Back Next > Cancel Help

9. Click . The Date Range and Account Masking window appears. Read the information in the Dates and General Ledger Account Masking sections. Accept the defaults on this window, by clicking on .
10. Accept the defaults on the Column Properties window by clicking on .

11. Accept the defaults on the Column Options window by clicking on .
12. Unless you want to change fonts, accept the defaults on the Fonts window by clicking on .
13. Accept the defaults on the Formatting and Default Printer window by clicking on .
14. The Congratulations window appears. To display your new financial statement, click . The Copy of Balance Sheet window appears, click .

Compare your balance sheet to the partial one shown below. Observe that the header shows your name on line one; today's date is shown on line 3 before March 31, 2011 (your current date will differ). This balance sheet is from the Exercise 6-2.ptb backup file. In Chapter 7 on pages 239-240, you printed Bellwether Garden Supply's balance sheet.

Line 1 and  
Line 3 of  
header

Student Name, Bellwether Garden Supply

Balance Sheet

October 27, 2010, March 31, 2011

ASSETS

Current Assets

Petty Cash	\$ 327.55	
Cash on Hand	1,850.45	
Regular Checking Account	9,046.52	
Payroll Checking Account	8,836.40	
Savings Account	7,500.00	
Money Market Fund	4,500.00	
Accounts Receivable	175,846.38	
Other Receivables	7,681.84	
Allowance for Doubtful Account	(5,000.00)	
Inventory	12,453.96	
Prepaid Expenses	14,221.30	
Employee Advances	3,000.65	
Notes Receivable-Current	11,000.00	
Other Current Assets	120.00	
Total Current Assets		251,385.05

Property and Equipment

Furniture and Fixtures	62,769.25	
Equipment	38,738.33	
Vehicles	86,273.40	
Other Depreciable Property	6,200.96	
Buildings	185,500.00	
Building Improvements	26,500.00	
Accum. Depreciation-Furniture	(54,680.57)	
Accum. Depreciation-Equipment	(33,138.11)	



15. Close the balance sheet window. Observe a wrench is shown next to Copy of Balance Sheet, which indicates a custom form.

 <b>Copy of Balance Sheet</b>	Standard Balance Sheet showing assets, liabilities, and capital.
--	--

16. Close the Select a Report or Form window. Exit Peachtree or continue.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website.
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 16. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 4 Internet Activities for Chapter 16-18. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	Complete the ACADEMIC WEBSITES exercise. Read steps 1–3.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write summaries of what you find. Include all appropriate website addresses.

## SUMMARY AND REVIEW

Complete the following end-of-chapter activities:

1. Going to the net, page 689
2. Multiple-choice questions, pages 689-691
3. Exercises 16-1 and 16-2, page 692
4. Assessment rubric, page 693
5. Analysis question, page 693
6. Chapter 16 Index, page 694

## GOING TO THE NET

Access the Sage Newsroom at [www.sagenorthamerica.com/Newsroom](http://www.sagenorthamerica.com/Newsroom). (Going to the Net links are on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); link to Student Edition, select Chapter 16.)

1. Select two articles.
2. Write a brief summary (no more than 100 words for each article). Identify the name and date of the articles and the website address in your answer.

**Multiple-choice questions:** In the space provided, write the letter that best answers each question.

- \_\_\_\_\_ 1. The definition of a form in Peachtree is:
- a. Preprinted paper forms that can be displayed on your screen.
  - b. A document that you exchange with customers, vendors, or employees.
  - c. Reports that are selected from the menu bar.
  - d. Options selected from the menu bar.
  - e. None of the above.
- \_\_\_\_\_ 2. The three types of documents accessed from the Reports & Forms menu are:
- a. Reports, Financial Statements, Forms.
  - b. Payroll Checks, Disbursements Checks, Invoices.
  - c. Sales Invoices, Purchase Invoices, Cash Receipts.
  - d. Filter, Forms Designer, Report List.
  - e. None of the above.

- \_\_\_\_\_ 3. The Accounts Payable forms that can be printed or edited are:
- a. Payroll Checks, W2s, 940's and 941's, State Quarterly Tax Forms, Employee Mailing Labels.
  - b. Disbursement Checks, 1099 Forms, Purchase Orders, Vendor Mailing Labels.
  - c. Invoices, Statements, Customer Mailing Labels, Quotes, Collection Letters.
  - d. All of the above.
  - e. None of the above.
- \_\_\_\_\_ 4. The Accounts Receivable forms that can be printed or edited are:
- a. Payroll checks, 940's and 941's.
  - b. Purchase Orders, 1099 Forms, Disbursement Checks, Vendor Mailing Labels.
  - c. Invoices/Packing Slips, Customer Statements, Customer Labels, Collection Letters.
  - d. All of the above.
  - e. None of the above.
- \_\_\_\_\_ 5. To use Peachtree's forms designer, make this selection:
- a. Customize.
  - b. Select.
  - c. Customers & Sales.
  - d. View All customer & Sales Reports.
  - e. None of the above.
- \_\_\_\_\_ 6. These buttons are called design tools:
- a. Select.
  - b. Add.
  - c. Delete.
  - d. Line Up and Resize.
  - e. All of the above.

- \_\_\_\_\_ 7. In Chapter 16, the Windows 7 default location for saving the Practice form is:
- a. C:\Peachtree\Program Files\INV00000.FRM
  - b. C:\Program Files\Practice
  - c. C:\Program Files\Sage Software\Invoice\Practice
  - d. C:\Sage\Peachtree\ Company\Forms\INV00000.FRM
  - e. None of the above.
- \_\_\_\_\_ 8. To add an object to the form, make this selection:
- a. Select.
  - b. Add.
  - c. Delete.
  - d. Resize.
  - e. All of the above.
- \_\_\_\_\_ 9. This selection walks you through the process of designing financial statements.
- a. Customizing forms.
  - b. Financial statement wizard.
  - c. Financial statement template.
  - d. The Navigation Bar selection, Company.
  - e. None of the above.
- \_\_\_\_\_ 10. The top and the bottom of financial statements include the following:
- a. Object toolbar.
  - b. Design tools.
  - c. Fonts selections
  - d. Headers and footers.
  - e. None of the above.

**Exercise 16-1:** Use PCA's forms designer to experiment with different formats and type fonts.

**Exercise 16-2:** Print the form that you designed in Exercise 16-1.

### ASSESSMENT RUBRIC

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 16, Assessment Rubric link. To review Peachtree's navigation centers, menu selections, and windows, complete the blank fields online.

Report	Date	Navigation Center	Icon ID
Customized Balance Sheet			

### ANALYSIS QUESTIONS

1. What is a Peachtree form?
2. What is a predefined or standard report?



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## Chapter

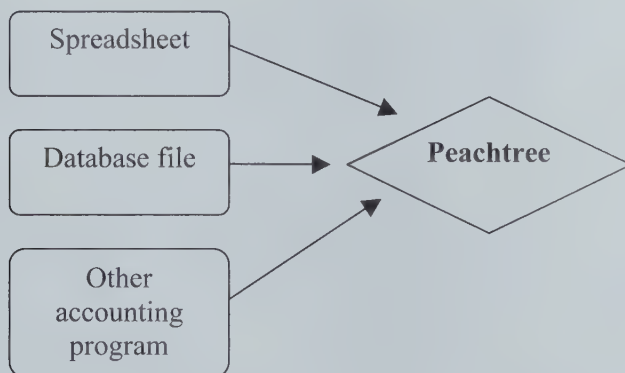
# 17

## Import/Export

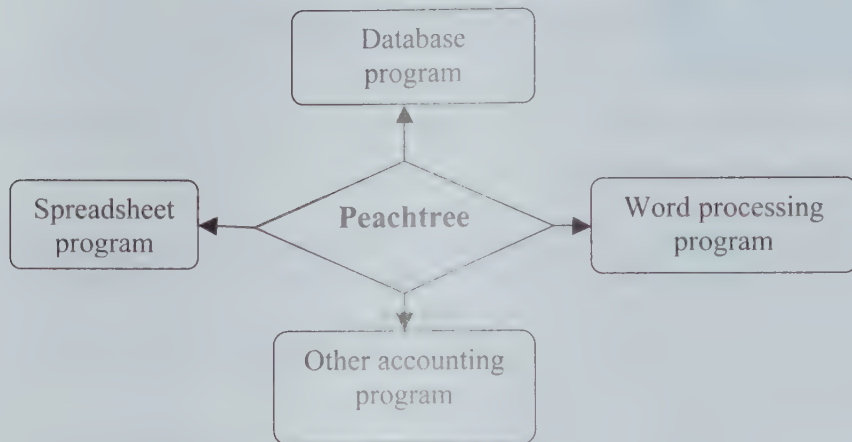
### LEARNING OBJECTIVES

1. Export information from Peachtree to a word processing program. (In this chapter Microsoft Word 2007 and Windows 7 are used.)
2. Select the customer list from Bellwether Garden Supply to export.
3. Import Bellwether Garden Supply's chart of accounts into a new company.
4. Complete the Internet Activity.
5. Save two files: a comma separated value file and a text file.

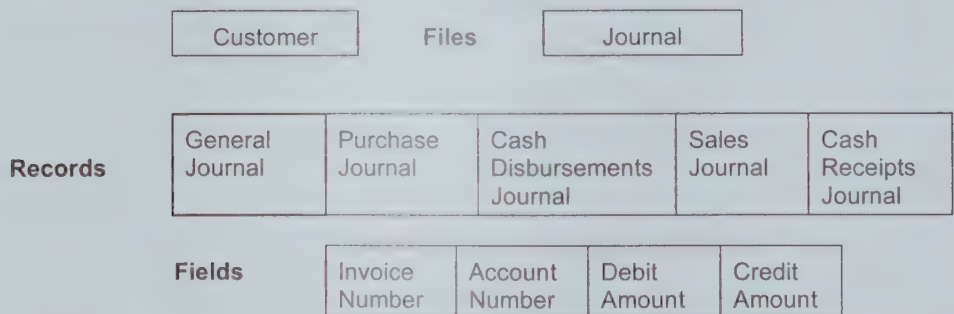
**Importing** translates data from other programs into a format that Peachtree can use. The diagram below shows how importing works. Data can be imported into Peachtree.



**Exporting** copies Peachtree data into a format that other programs can read and use. The diagram on the next page illustrates exporting. Data is exported from Peachtree.



The chart below shows how Peachtree organizes data.



- **Files** are a group of related records; for example, customer files and journal files.
- **Records** are a group of fields that contain information on one subject; for example, the general journal, purchase journal, cash disbursements journal, sales journal, or cash receipts journal.
- **Fields** are an individual piece of data; for example, invoice numbers, account numbers, debit amount, credit amount.

## Files

When you import or export files, you use templates to format the data. The templates included in Peachtree are:

- Accounts Receivable: Customer List, Sales Journal, and Cash Receipts Journal
- Accounts Payable: Vendor List, Purchase Journal, and Cash Disbursements Journal
- Payroll: Employee List
- General Ledger: Chart of Accounts and General Journal
- Inventory: Inventory Item List
- Job Reports: Jobs List

## Records

When you select a file to export, you can define which information you want. For instance, when you select the Customer List, you can select which customers you want to export.

## Fields


When export is used, you export individual fields of information. You can see what fields are exported by selecting the Format tab. You may uncheck fields to exclude them from being exported or move fields around to change their order.

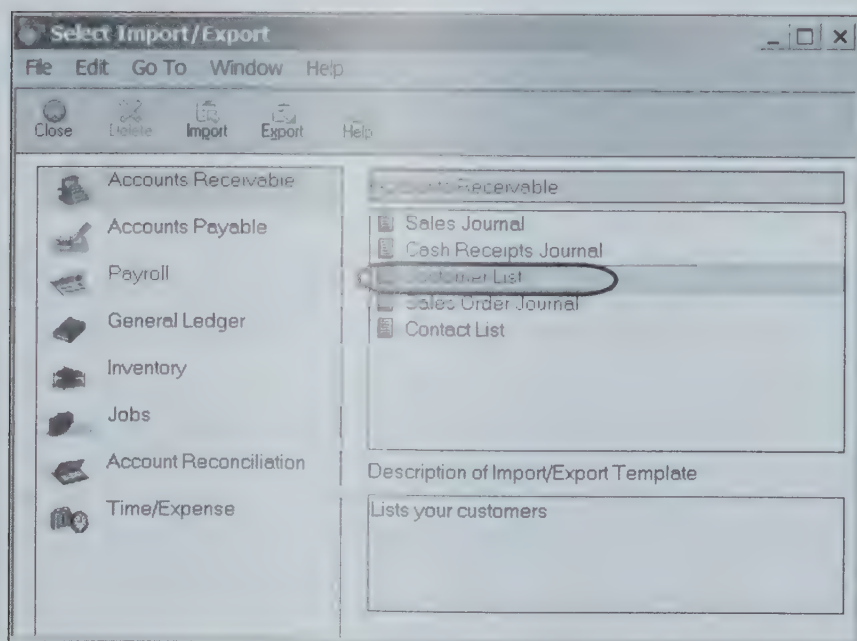
When you export, the information is exported in a **comma separated values** (CSV) format. This means that the fields for each record are written in one line, with commas between them. You see how this looks when you export one of Peachtree's customer lists into Microsoft Word 2007 or 2010. Common separated value files (CSV extensions) are commonly used for transferring data between applications in a text-based format.



The file created during the export process is an **ASCII** file, which contains only text characters. Each record is on a separate line. ASCII is an acronym for American Standard Code for Information Interchange. It is one of the standard formats used for representing characters on a computer. Most word processing, spreadsheet, and database programs can read ASCII files.

## GETTING STARTED: EXPORTING

1. Start Peachtree.
2. Open Bellwether Garden Supply. (In this chapter data is used from the Exercise 6-2.ptb backup file made on page 228.)
3. From the Navigation Bar, select  **Company**; link to Import and Export. The Select Import/Export window appears.
4. In the Accounts Receivable list, highlight Customer List.





5. Click . The Customer List window appears.

The Customer List window is shown with the Filter tab selected. The Report Order is set to Customer ID. The Filter Range table is as follows:

Filter	Type	From	To
Customer ID	All		
Customer Type	All		
Active/Inactive	Equal to	All	
Customer/Prospect	Equal to	All	

Buttons on the right: OK, Cancel, Save, Help.



6. Click on the Fields tab, then click .

The Customer List window is shown with the Fields tab selected. The Field Settings table is as follows:

Show	Title	Field	Column Break	Col #
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Customer ID	<input checked="" type="checkbox"/>	1
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Customer Name	<input checked="" type="checkbox"/>	2
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Prospect	<input checked="" type="checkbox"/>	3
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Inactive	<input checked="" type="checkbox"/>	4
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bill to Contact First Name	<input checked="" type="checkbox"/>	5
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bill to Contact Last Name	<input checked="" type="checkbox"/>	6
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bill to Address-Line One	<input checked="" type="checkbox"/>	7
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bill to Address-Line Two	<input checked="" type="checkbox"/>	8
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bill to City	<input checked="" type="checkbox"/>	9
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bill to State	<input checked="" type="checkbox"/>	10

Buttons on the left: Show None, Move Down. Buttons on the right: OK, Cancel, Save, Help.


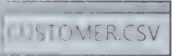
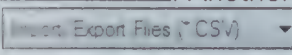
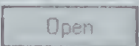
**Comment**

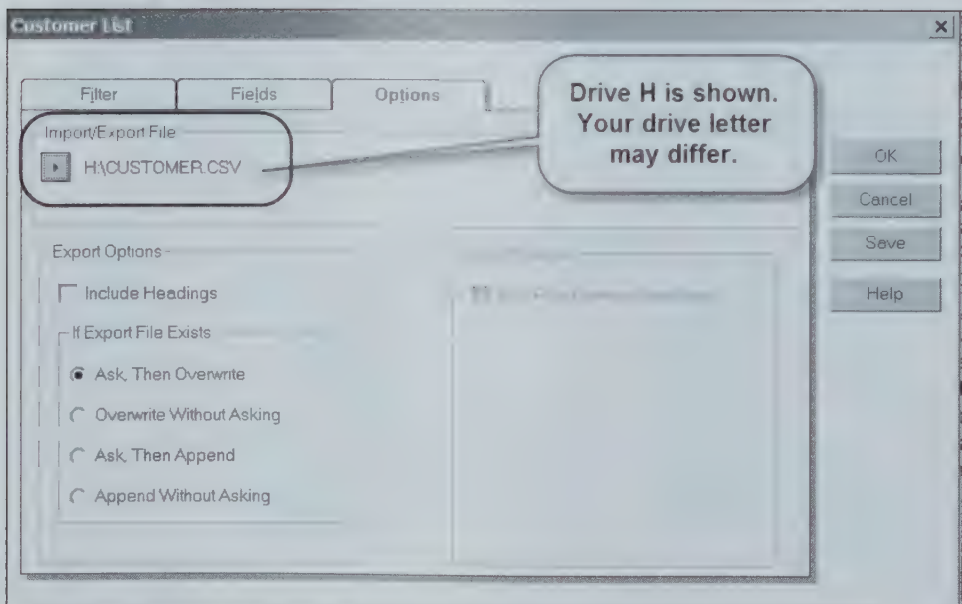
Show All places a check mark in all the fields.


7. Click on the Options tab.

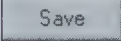
**Comment**

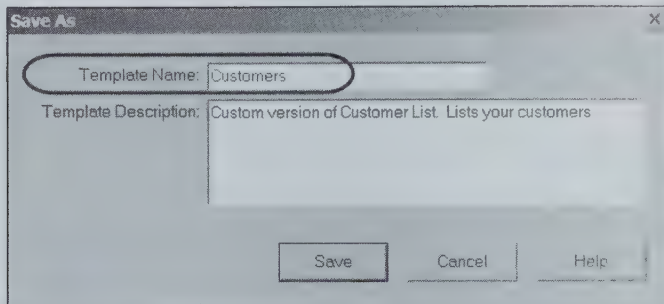
The radio button next to Ask, Then Overwrite is the default.


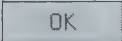
8. Put external media in the appropriate drive. In the example that follows, a USB drive was used. Click on the arrow  underneath Import/Export File. The Open window appears. The File name field shows CUSTOMER.CSV . Another field shows Import/Export Files (\*.CSV) .
9. Select the appropriate drive letter. In the example that follows drive H is shown. Then click .

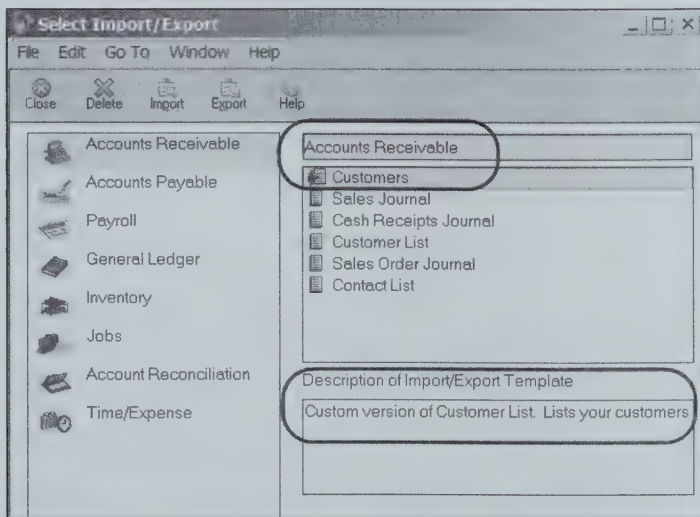




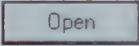
Observe that H:\CUSTOMER.CSV is shown next to the arrow  underneath Import/Export File. (Substitute your drive letter for H.)

10. Click . The Save As window appears. Type **Customers** in the Template Name field.



11. Click .
12. You are returned to the Customer List Options window. Make sure X:\CUSTOMER.CSV is shown as the Import/Export File name. (Substitute your drive letter for X.) Click . The Select Import/Export window shows Customers with a red arrow. Select it. The Description field describes the custom version.

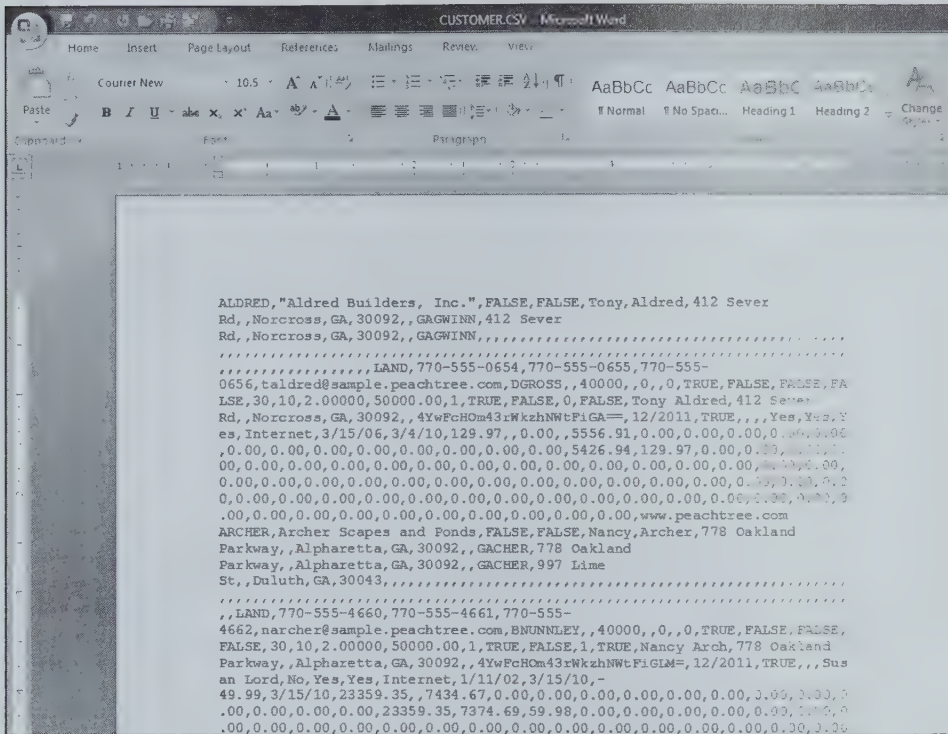


13. Close the Select Import/Export window.
14. If necessary, go to the desktop. Start your word processing program. In this chapter, Microsoft Word 2007 and Windows 7 are used. (You may use any word processing program that supports ASCII.)
15. Follow these steps to open the Peachtree file from Microsoft Word 2007.
  - a. Start Word or other word processing program. Click  (the open file icon).
  - b. In the Look in field, select the appropriate location of the CUSTOMER.CSV file. Click  then select All Files (\*.\*). (In XP, All Files is in the Files of type field.)
  - c. Highlight the CUSTOMER.CSV file, then click . (Hint: If a convert file window appears, select Plain Text.)

The data on your window was exported in a comma separated format. The fields for each record are written in one line, with commas between them. To use this information, you would need to edit its contents, then save it.

Compare your window to the one shown on the next page. If you used a different word processing program, your window will look different but the text portion of the data is the same.





- 



- e. Exit the word processing program.

## TEXT AND COMMA SEPARATED VALUES FILES

To look at the files you just created, do this:

1. Right-click the Start button; left-click Open Windows Explorer.
2. Go to the location of the CSV file

3. Observe that the CUSTOMER.CSV file is an Excel file saved as Comma Separated Values. The CUSTOMER.txt file is a Text document.

 CUSTOMER.CSV	Microsoft Office Excel Comma Separated Values File	34 KB
 CUSTOMER.txt	Text Document	34 KB

4. Double-click CUSTOMER.CSV to see the Excel file created from Bellwether Garden Supply's customer list. Close the window.
5. Double-click CUSTOMER.txt to see the text file.
6. Close the Notepad window and Windows Explorer.

## IMPORTING

Importing data from another accounting, database, or spreadsheet program into Peachtree works similarly to exporting. Any information that is entered in Peachtree during setup and maintenance can be imported.

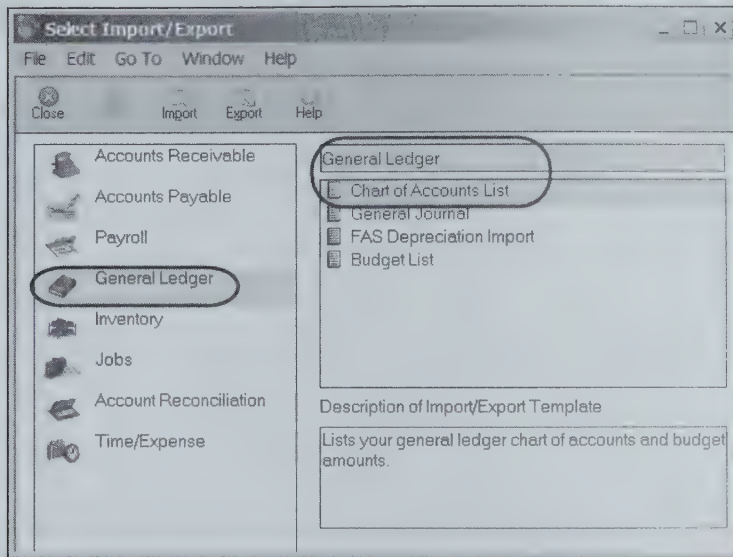
In Peachtree, the Maintain windows allow you to perform tasks regarding lists, such as the Customer List, Employee List, Chart of Accounts, etc. The Tasks windows allow you to perform tasks that consist of journalizing transactions. When you import data, it is important to know that Peachtree allows you to import new transactions, for example, tasks performed within the Tasks windows. Once transactions are imported they cannot be edited.


In the example that follows, you are going to copy Bellwether Garden Supply's chart of accounts to another company. To start this process, you export the chart of account list first, then import the chart into a newly set up company.

### Import a Chart of Accounts

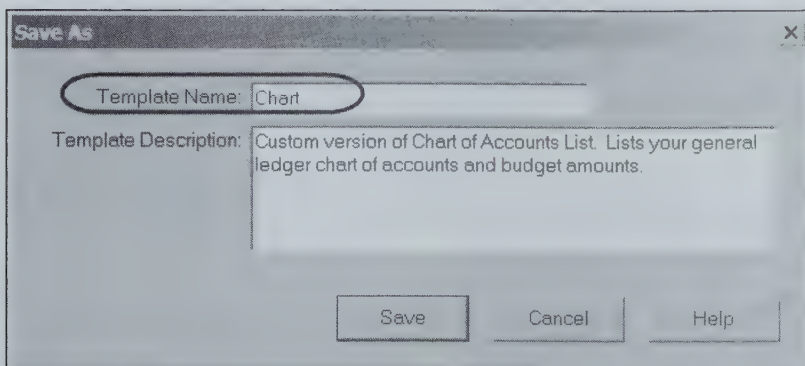
To import the chart of accounts from Bellwether Garden Supply to another company, do the following.

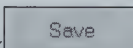
1. If necessary start Peachtree and open Bellwether Garden Supply. From the Company Navigation Center, link to Import and Export.
2. Select General Ledger, then Chart of Account List.

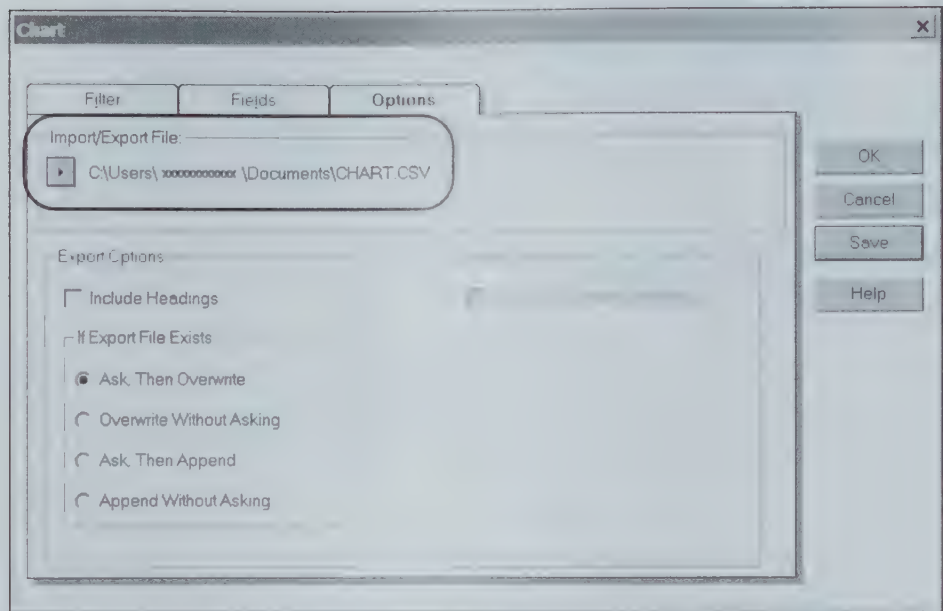


3. Click . The Chart of Accounts List window appears. Select the Options tab. Observe the default location for the CHART.CSV file. The file will be imported from that location. The default location on Windows 7 computers is C:\Users\[computer name]\Documents.CSV.

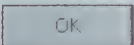
4. Click . In the Template Name field, type **Chart**.

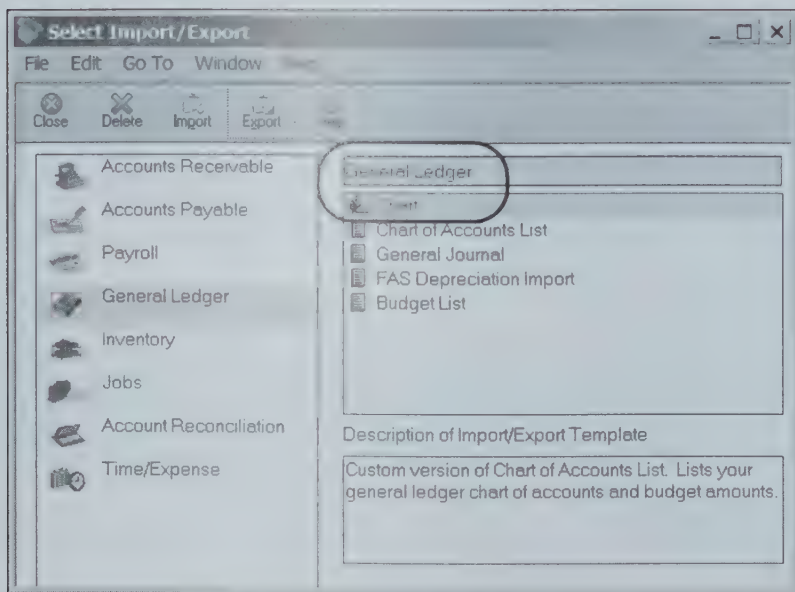


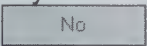
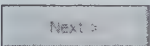
6. Click . The Chart window appears. Observe the location where the CHART.CSV file is stored.

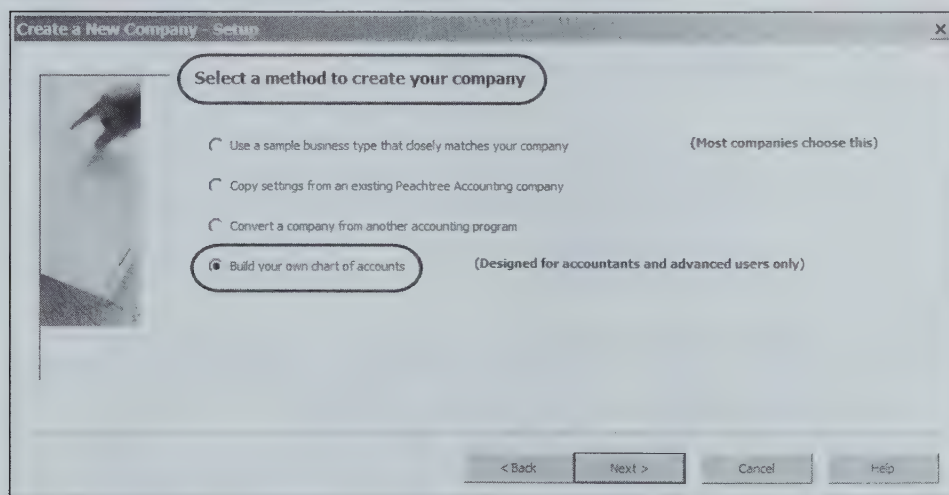


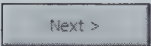
Substitute the x's for your computer name.

7. Click . The Select/Import Export window shows the custom version of the Chart listed.

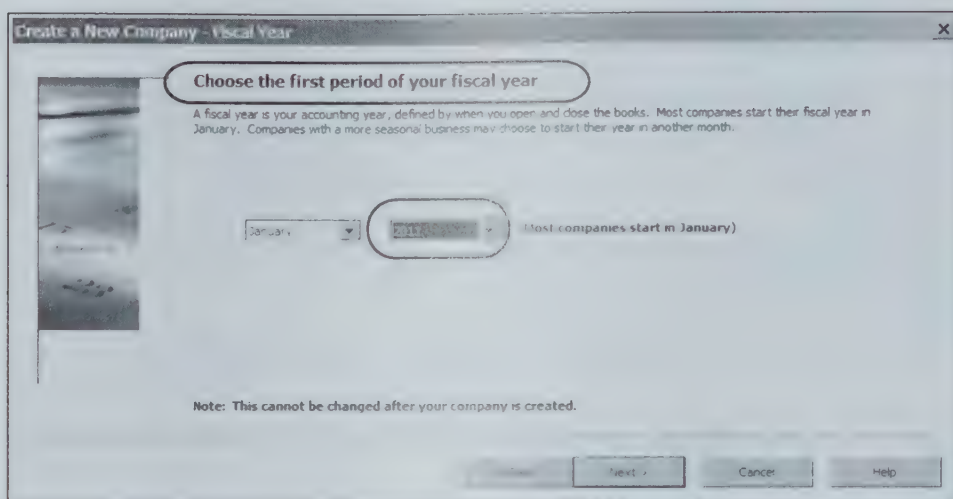


8. Close the Select Import/Export window.
9. Set up a new company. From the menu bar, select File; New Company. When the window prompts, do you want to keep Bellwether Garden Supply open, select .
  - a. Use your first name Company; for example, Carol Company.
  - b. Accept the default for Corporation. Click .
  - c. On the Select a method to create your company, select Build your own chart of accounts.




- d. Click  until the Choose the first period of our fiscal year window appears. Select 2011.



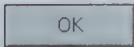
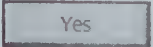


e. Click , then .

10. If necessary, close the Setup Guide. The title bar shows Your Name Company - Peachtree Accounting. From the Company Navigation Center, link to Import and Export. Select General Ledger; Chart of Accounts List. Then, .

11. On the Chart of Accounts List window, select Options. Observe that the file name location is the same as the illustration at the top of page 706. (Substitute the x's for your computer name.)



12. Click . When the screen prompts Would you like to continue?, click . Close the Select Import/Export window.
13. Display your Chart of Accounts (Reports & Forms; General Ledger, Chart of Accounts). Your company shows the same chart of accounts as Bellwether Garden Supply. A partial chart of accounts is shown on the next page.

<b>Carol Company</b> <b>Chart of Accounts</b> <b>As of Oct 31, 2011</b>			
Filter Criteria includes: Report order is by ID. Report is printed with Accounts having Zero Amounts and in Detail Format			
Account I	Account Description	Active?	Account Type
10000	Petty Cash	Yes	Cash
10100	Cash on Hand	Yes	Cash
10200	Regular Checking Account	Yes	Cash
10300	Payroll Checking Account	Yes	Cash
10400	Savings Account	Yes	Cash
10500	Money Market Fund	Yes	Cash
11000	Accounts Receivable	Yes	Accounts Receivable
11100	Contracts Receivable	Yes	Accounts Receivable
11400	Other Receivables	Yes	Accounts Receivable
11500	Allowance for Doubtful Account	Yes	Accounts Receivable
12000	Inventory	Yes	Inventory
14000	Prepaid Expenses	Yes	Other Current Assets
14100	Employee Advances	Yes	Other Current Assets
14200	Notes Receivable-Current	Yes	Other Current Assets
14700	Other Current Assets	Yes	Other Current Assets
15000	Furniture and Fixtures	Yes	Fixed Assets
15100	Equipment	Yes	Fixed Assets
15200	Vehicles	Yes	Fixed Assets
15300	Other Depreciable Property	Yes	Fixed Assets
15400	Leasehold Improvements	Yes	Fixed Assets
15500	Buildings	Yes	Fixed Assets
15600	Building Improvements	Yes	Fixed Assets
16900	Land	Yes	Fixed Assets
17000	Accum. Depreciation-Furniture	Yes	Accumulated Depreciation
17100	Accum. Depreciation-Equipment	Yes	Accumulated Depreciation
17200	Accum. Depreciation-Vehicles	Yes	Accumulated Depreciation
17300	Accum. Depreciation-Other	Yes	Accumulated Depreciation
17400	Accum. Depreciation-Leasehold	Yes	Accumulated Depreciation

In this chapter, you exported and imported data. To learn more about these features, use Peachtree's Help feature.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website at <a href="http://www.mhhe.com/yacht2011">http://www.mhhe.com/yacht2011</a> .
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 17. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to Part 4 Internet Activities for Chapter 16-18. Select <input type="button" value="Open"/> or <input type="button" value="Save"/> .
4.	Complete the WOMEN'S BUSINESS CENTER exercise. Read steps 1 and 2.
5.	Follow the steps shown on the book's website to complete this Internet activity.
6.	Using a word processing program write summaries of what you find. Include all appropriate website addresses.

## SUMMARY AND REVIEW

1. Going to the net, page, 710
2. Multiple-choice questions, page 710-712
3. Exercises 17-1 and 17-2, page 712
4. Assessment rubric, page 713
5. Analysis question, page 713
6. Chapter 17 Index, page 714

## GOING TO THE NET

Access the Peachtree Add-Ons website at

<http://www.peachtree.com/products/Services/peachtreeAddOns/>.

Complete the following:

1. List seven Peachtree add-ons
2. Link to Third-Party Add-Ons, then Point of Sale. The URL is <http://sagepss.com/Solutions.aspx?p=2&v=1%2c4%2c111&b=207%2c208%2c212>. Briefly explain the Point of Sale application.

**Multiple-Choice Questions:** In the space provided, write the letter that best answers each question.

- \_\_\_\_\_ 1. A group of related records is called a/an:
- a. File.
  - b. Record.
  - c. Field.
  - d. Balance Sheet.
  - e. All of the above.
- \_\_\_\_\_ 2. A group of fields that contains information on one subject is called a/an:
- a. File.
  - b. Record.
  - c. Field.
  - d. Income statement.
  - e. All of the above.

- \_\_\_\_\_ 3. An individual piece of data such as an account number or customer's name is called a/an:
  - a. File.
  - b. Record.
  - c. Field.
  - d. Income statement.
  - e. All of the above.
  
- \_\_\_\_\_ 4. Exporting copies Peachtree data into a format that the following programs can read and use:
  - a. Spreadsheet programs.
  - b. Database programs.
  - c. Accounting programs.
  - d. Word processing programs.
  - e. All of the above
  
- \_\_\_\_\_ 5. Importing allows you to translate data from the following types of programs:
  - a. Spreadsheet programs.
  - b. Database programs.
  - c. Accounting programs.
  - d. All of the above.
  - e. None of the above.
  
- \_\_\_\_\_ 6. Information that appears on Peachtree's reports can be:
  - a. Imported.
  - b. Exported.
  - c. Formatted into an ANSI file.
  - d. A macro.
  - e. None of the above.
  
- \_\_\_\_\_ 7. The name of the company from which you exported data is:
  - a. Mike Parry Designer.
  - b. Sharon Albert, Accounting.
  - c. Georgia Sports.
  - d. Sharon's Service Merchandise.
  - e. None of the above.

- \_\_\_\_\_ 8. When you import or export files, you use one of the following to format the data:
- a. Template.
  - b. File.
  - c. Field.
  - d. Record.
  - e. None of the above.
- \_\_\_\_\_ 9. The type of file that is exported into a word processing program is called a/an:
- a. DOS text file.
  - b. ANSI file.
  - c. ASCII file.
  - d. WordStar file.
  - e. None of the above.
- \_\_\_\_\_ 10. The data on your window was exported in the following format:
- a. Comma separated.
  - b. Line separated.
  - c. Field separated.
  - d. File separated.
  - e. None of the above.

**Exercise 17-1:** Follow the instructions below to complete Exercise 17-1.

1. Select one of the companies that have a vendor list.
2. Export the vendor list to a word processing program.
3. Open the vendor list.

**Exercise 17-2:** Follow the instructions below to complete Exercise 17-2.

1. Select one of the companies that have a customer list.
2. Export the customer list to a word processing program.
3. Open the customer list.



**CHECK YOUR FIGURES: Exported Chart of Accounts**

Account No.	Account Description	Account Type
10200	Regular Checking Account	Cash
19100	Organization Costs	Other Assets
39003	Common Stock	Equity-doesn't close
40000-AV	Sales - Aviary	Income

**ASSESSMENT RUBRIC**

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 17, Assessment Rubric link. To review Peachtree's navigation centers, menu selections, and windows, complete the blank fields online.

Report	Navigation Center and Links	File Name, Extension, and Report ID
Customer List		

**ANALYSIS QUESTION**

What is the purpose of importing and exporting?

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# Chapter 18

## Microsoft Word and Templates

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### LEARNING OBJECTIVES

1. Copy Peachtree report data to Microsoft Word.
2. Use the write letters feature.
3. Save letter templates.
4. Save Word files.
5. Extract the PAWMail.zip folder.
6. Search Peachtree's knowledgebase.
7. Complete the Internet Activity.
8. Save five Word files.

Peachtree's write letters feature allows you to send information to a large number of people quickly. For example, you can send personally addressed letters to all the company's customers. The Tasks menu and the Select a Report or Forms window include a selection for write letters. Use Peachtree's write letters feature to create mailings or e-mail messages from existing or custom letter templates using customer, vendor, and employee information. A **template** is a document pattern or part of a document that is stored so that it can be used again.

You can create mailings such as newsletters, announcements, collection letters, individual letters, e-mail messages, and other types of mailings. Peachtree integrates with Microsoft Word's mail merge feature, using Word to edit and create custom templates, then generates mailings using selected Peachtree information.

### GETTING STARTED




1. Start Peachtree. Open Bellwether Garden Supply.
2. If necessary, restore the Exercise 6-2 file. This back up was made on page 228.

**Comment**

If you no longer have your Exercise 6-2 back up file, use starting data for Bellwether Garden Supply. Refer to pages 28-32, Using Peachtree's Restore Wizard, to restore Bellwether's starting data.

**COPYING PEACHTREE REPORT DATA TO MICROSOFT WORD**

A displayed PCA report or financial statement can be copied to the Windows clipboard. Then you can paste that data into other applications, such as Microsoft Word or another word processing program. The steps that follow show you how to copy and paste a report using Microsoft Word 2002 or higher.

1. If necessary start PCA. Open the sample company, Bellwether Garden Supply.
2. If necessary restore the Exercise 6-2. ptb file. If you do not have that backup, use Bellwether's starting data. Refer to pages 28-32, Using Peachtree's Restore Wizard.
3. From Bellwether's menu bar, select Reports & Forms; Financial Statements; <Standard> Retained Earnings. Click . The Statement of Retained Earnings displays.
4. Click . Uncheck Print Page Numbers and Show Zero Amounts. Click .
5. From the menu bar, click Edit, Copy.
6. Start Microsoft Word or other word processing program. Click Paste. Or, right-click on the document, left-click Paste. Bellwether's statement of retained earnings appears. You need to format the statement in order for it to look like the one below. (These account balances reflect data from the Exercise 6-2.ptb backup file. If you are using a different back up file, your account balances will differ.)


Bellwether Garden Supply  
Statement of Retained Earnings  
For the Three Months Ending March 31, 2011

Beginning Retained Earning	\$ 189,037.60
Adjustments To Date	0.00
Net Income	<u>25,476.82</u>
Subtotal	<u>214,514.42</u>
Ending Retained Earnings	\$ <u>214,514.42</u>

For Management Purposes Only

The file copied was formatted with Microsoft Word.



7. Click , Save As. In the Save in field, select the appropriate drive. Accept the file name Bellwether Garden Supply.docx. Observe that the File as type field shows Word Document (\*.docx). (Hint: The default file extension for Word 2003 is .doc.)

8. Click .

9. Exit Word.

10. Close open Peachtree windows.

## CREATE A MAILING TO CUSTOMERS

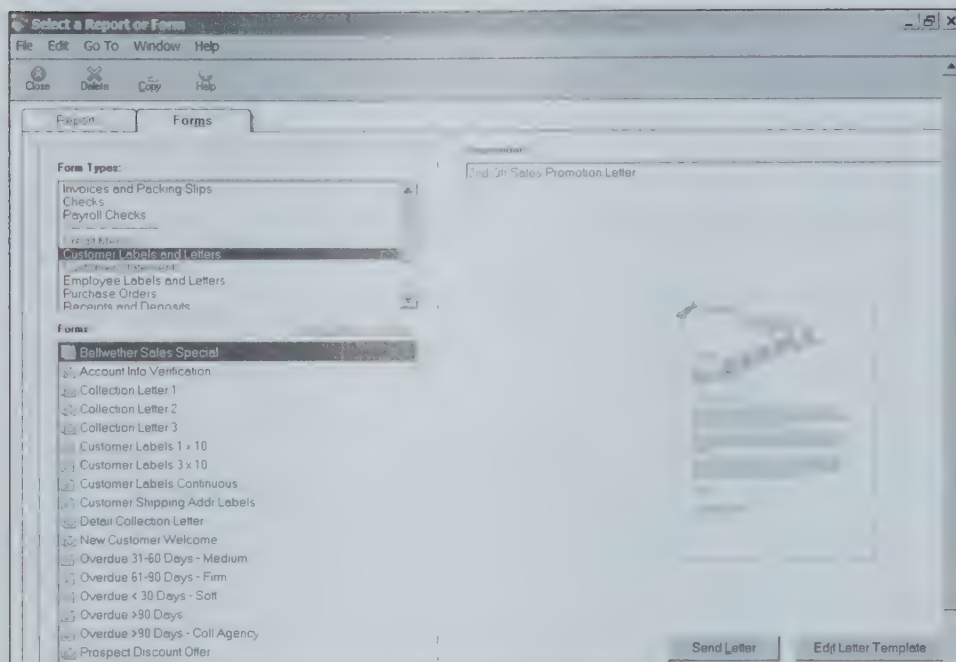
Follow these steps to use one of Peachtree's Write Letters templates.

1. From the Tasks menu, select Write Letters; Customer Letters.





- The Select a Report or Form window appears. Observe that the Form Types list shows Customer Labels and Letters highlighted. Select Bellwether Sales Special. The Description field shows 2<sup>nd</sup> Qtr Sales Promotion letter.





- Click **Send Letter**. The Write Letters - Bellwether Sales Special window appears. Observe there are two tabs: Select Recipients and E-mail Options. Select Recipients is the default.
- Click **Word**. Wait a few moments for the first customer letter to appear. Observe that the taskbar shows Page 1 of 34—**Page 1 of 34**. This means there are 34 customer letters. The Aldred Builders, Inc. letter is shown below. Read the letter.




Go to pages 2, 3, etc. Observe that each customer receives an individually addressed letter.



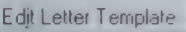
5. To save the letter, click ; Save As. The suggested filename is **Customer Letters**. If you are using Word 2003, save the file by accepting the default extension, .doc. In Word 2007, when the screen prompts, You are about to save your document to one of the new file formats, click .

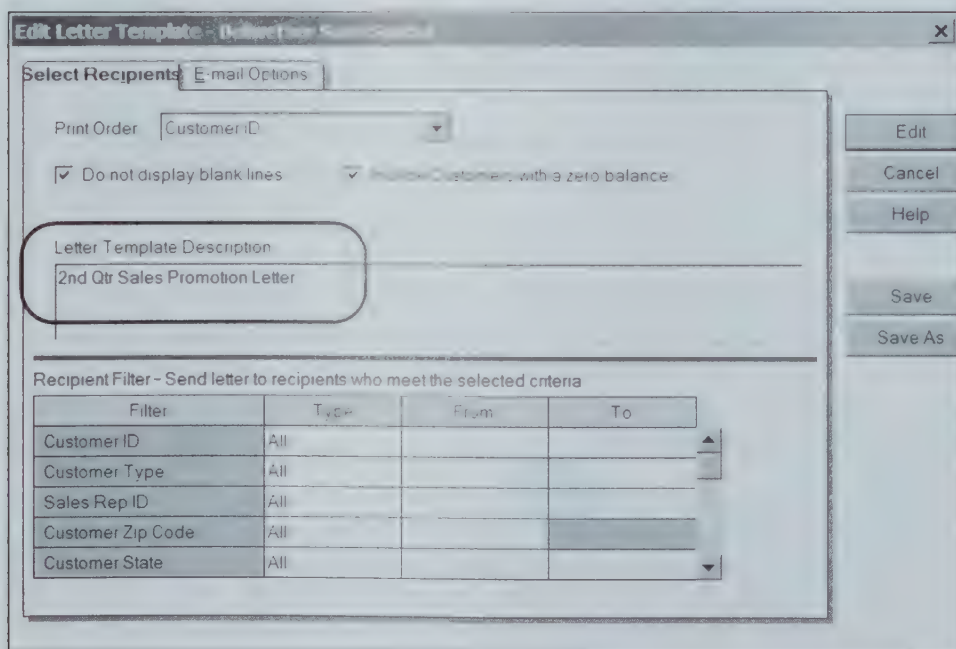
6. Close the document.

7. On the taskbar, click  Select a Report or Form to return to the Select a Report or Form window.

## EDIT LETTER TEMPLATES

Follow these steps to create a letter template from the promotion letter shown on page 719.

- From the Select a Report window, make sure Bellwether Sales Special is selected. (If necessary, select Tasks; Write Letters, Customers Letters.)
- Click  Edit Letter Template. The Edit Letter Template – Bellwether Sales Special window appears. Observe that the Letter Template Description shows 2<sup>nd</sup> Qtr Sales Promotion Letter. Compare your Edit Letter Template window with the one shown below.



**Edit Letter Template - Bellwether Sales Special**

Select Recipients | E-mail Options

Print Order: Customer ID


☒ Do not display blank lines    ☒ Include Customers with a zero balance

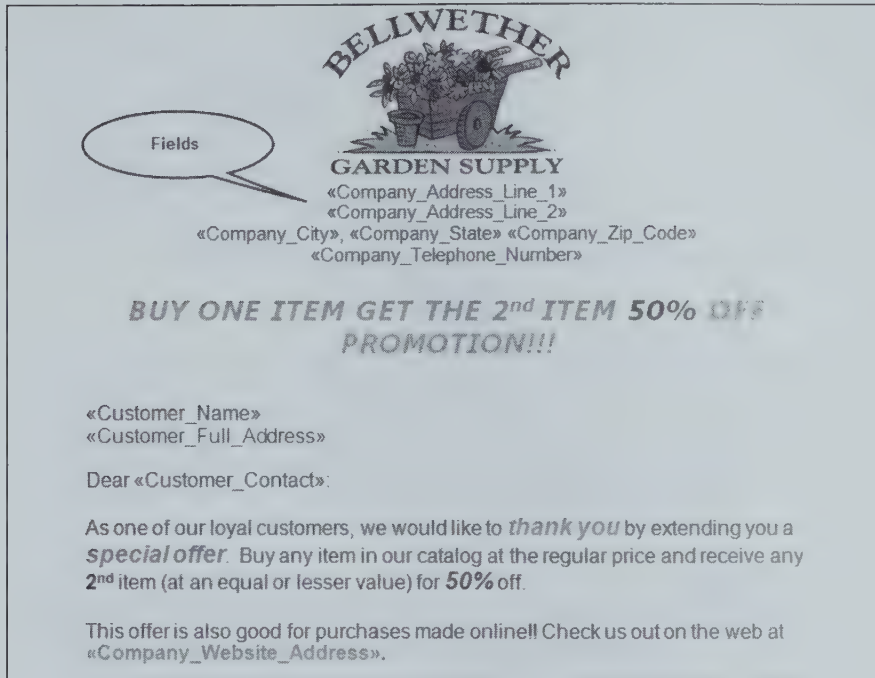
Letter Template Description: 2nd Qtr Sales Promotion Letter

Recipient Filter - Send letter to recipients who meet the selected criteria

Filter	Type	From	To
Customer ID	All		
Customer Type	All		
Sales Rep ID	All		
Customer Zip Code	All		
Customer State	All		


Buttons: Edit, Cancel, Help, Save, Save As


3. Review the information on the Edit Template window. Click  Edit. The letter appears with fields identified.



You can use this letter as a template or model to create a similar letter. Observe that the information in the letter is the same as the customer letter shown on page 719, *except* for the customizable information—<<Company\_Address\_Line\_1>>, etc.

4. To add a date to the letter, click on a line or two above

((Customer\_Name)). Select Date & Time [  Date & Time ] from Word 2007's Insert selections. Select the appropriate format and the date is inserted.

  
 «Company\_Address\_Line\_1»  
 «Company\_City», «Company\_State» «Company\_Zip\_Code»  
 «Company\_Telephone\_Number»


**BUY ONE ITEM GET THE 2<sup>nd</sup> ITEM 50% OFF  
PROMOTION!!!**

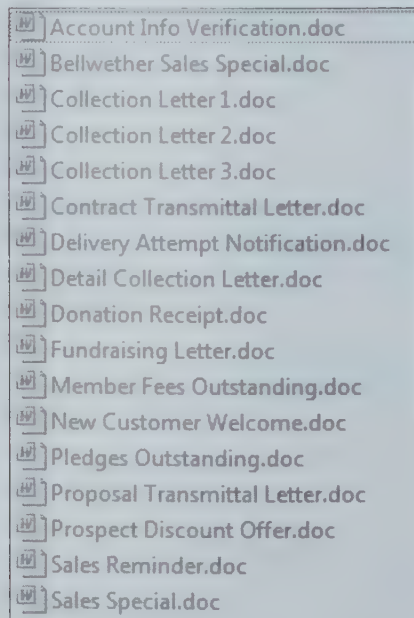
Current Date:  Today:

«Customer\_Name»  
«Customer\_Full\_Address»

Dear «Customer\_Contact»

As one of our loyal customers, we would like to *thank you* by extending you a *special offer*. Buy any item in our catalog at the regular price and receive any 2<sup>nd</sup> item (at an equal or lesser value) for 50% off.

5. Select , click Save As. A list of letter templates appears. (Hint: If you do not see the list of customer letter templates, you may need to extract the PAWMail.zip folder. Unzipping or extracting the PAWMail.zip folder is shown on pages 724-725.)






6. Accept the default file name Bellwether Sales Special.doc. (*Hint:* Peachtree's letter templates default to .doc files.) Insert external

media; click .

## CUSTOMER TEMPLATES

Follow these steps to see some of Bellwether's customer templates.




1. From Word's menu bar, select , Open. The list of letters shown on page 722 appears. If the list of letters does not appear, extract the PAWMail.zip folder from this location C:\Sage\Peachtree\Company\Letters. Double-click PAWMail.zip to extract the files. Folders are shown for Customer, Employee, and Vendor. (Detailed steps for extracting the folder are on pages 724-725.)
2. Open the Customer folder. These are the same letters shown on page 722. Observe that the letters end in a .doc extension which means that the Peachtree customer templates have been saved as Word 97-2003 files. Double-click Contract Transmittal Letter. The letter template for contracts appears.

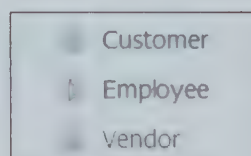
<p style="text-align: center;">«Company_Name» «Company_Full_Address»</p> <p>«Todays_Date_Long»</p> <p>«Customer_Contact» «Customer_Name» «Customer_Full_Address»</p> <p>Dear «Customer_Contact».</p> <p>Enclosed are two copies of the contract. If it meets with your approval, please sign both copies and return one in the enclosed, preaddressed envelope</p> <p>Please do not hesitate to contact me should you have any questions or concerns</p> <p>We at «Company_Name» are pleased to come to this agreement and look forward to working with you.</p> <p>Sincerely,</p> <p>«Customer_Sales_Rep_Name» «Company_Name» «Company_Telephone_Number» «Company_Full_Address»</p>
--

3. Look at some of the other templates.
4. Exit Word without saving documents.
5. If necessary, maximize Peachtree. Close all windows.
6. Exit Peachtree.

















### PAWMail.Zip FOLDER

The letter templates are included in Peachtree's program path. Follow these instructions to see all the letters.

1. Right-click  (Start); left-click Explore.
2. Go to Peachtree's program path: C:\Sage\Peachtree\Company\Letters.
3. Copy the PAWMail.zip folder to the desktop.
4. Extract the files. Open the templates from these folders: Customer; Employee; Vendor.



- a. The Customer folder includes these documents. These templates were also shown on page 722.

Name	Type
 Account Info Verification.doc	Microsoft Office Word 97 - 2003 Document
 Collection Letter 1.doc	Microsoft Office Word 97 - 2003 Document
 Collection Letter 2.doc	Microsoft Office Word 97 - 2003 Document
 Collection Letter 3.doc	Microsoft Office Word 97 - 2003 Document
 Contract Transmittal Letter.doc	Microsoft Office Word 97 - 2003 Document
 Delivery Attempt Notification.doc	Microsoft Office Word 97 - 2003 Document
 Detail Collection Letter.doc	Microsoft Office Word 97 - 2003 Document
 Donation Receipt.doc	Microsoft Office Word 97 - 2003 Document
 Fundraising Letter.doc	Microsoft Office Word 97 - 2003 Document
 Member Fees Outstanding.doc	Microsoft Office Word 97 - 2003 Document
 New Customer Welcome.doc	Microsoft Office Word 97 - 2003 Document
 Pledges Outstanding.doc	Microsoft Office Word 97 - 2003 Document
 Proposal Transmittal Letter.doc	Microsoft Office Word 97 - 2003 Document
 Prospect Discount Offer.doc	Microsoft Office Word 97 - 2003 Document
 Sales Reminder.doc	Microsoft Office Word 97 - 2003 Document
 Sales Special.doc	Microsoft Office Word 97 - 2003 Document

- b. The Employee folder includes the Employee Welcome.doc file.
  - c. The Vendor folder includes two documents: Disputed Charge.doc and Request Credit Increase.doc.
5. Open the Request Credit Increase.doc.


<p style="text-align: center;">«Company_Name» «Company_Full_Address»</p> <p>«Todays_Date_Long»</p> <p>«Vendor_Name» «Vendor_Full_Address»</p> <p>Re: Request for increase in credit limit</p> <p>Dear «Vendor_Contact».</p> <p>«Company_Name» has enjoyed doing business with your company for the past twelve months. We are very happy with your product, and are looking forward to a continued business relationship. After reviewing the past year's records, I would like you to consider increasing our credit limit. An increase of available credit in the amount of \$500.00 should suffice.</p> <p>Thank you for your consideration in this matter. If you have any questions please feel free to contact me at my direct extension</p> <p>Sincerely</p> <p>Office Manager «Company_Name»</p>
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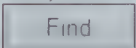
6. Close all windows. (If a window prompts the This file is in use by another application or user, click OK, then Cancel, and then No. Exit Word.)
7. Exit Peachtree.

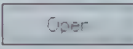
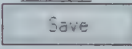
## PEACHTREE'S KNOWLEDGE CENTER

The Knowledge Center offers help for the most frequently asked Peachtree questions. You can search by product, category, keywords, Answer ID or phrases. Feedback can also be emailed to Peachtree.



From the desktop, click . Complete the following search.

1. After selecting the Peachtree Knowledge Center, the Support & Training window appears. (*Hint: The web site address is <http://www.peachtree.com/supportTraining/findAnswers/liveChat/>.) Link to Search Knowledgebase.*
2. In the Search by Product field, select Peachtree 2011 Family of Products.
3. In the All Subs field, select Peachtree Complete Accounting. Another All Subs field appears. For purposes of this example, make a selection; for example, Import & Export.
4. Click . As of this writing, 10 answers are available. Link to one to read the information.
5. Experiment. Change the search fields to look at Peachtree's knowledgebase.

INTERNET ACTIVITY	
1.	From your Internet browser, go to the book's website.
2.	Link to Student Edition.
3.	In the Choose a Chapter field, select Chapter 18. Observe that the Quizzes and More Resources list includes additional activities. In the Course-wide Content list, link Internet Activities; then link to <u>Part 4</u> Internet Activities for Chapter 16-18. Select  or  .
4.	Complete the ADDITIONAL ACCOUNTING SOURCES exercise. Read steps 1 and 2.
5.	Using a word processing program write a brief summary of what you find. Include all appropriate website addresses.

## SUMMARY AND REVIEW


Complete the following end-of-chapter activities.

1. Going to the net, page 727
2. Short-answer questions, pages 727-729

3. Exercises 18-1 and 18-2, page 729
4. Assessment rubric, page 729
5. Analysis question, page 729
6. Chapter 18 Index, page 730

## GOING TO THE NET

Access the MSDN Online Library website at <http://msdn.microsoft.com/library/>. Answer the following questions.

1. What is the MSDN library?
2. Type **What are templates?** in the Search for field. Click  to search.
3. Link to an article of interest about templates. Write a brief essay about what you find (minimum length is 75 words; maximum length 150 words). Include website addresses in your answer.

**Short-answer questions:** Write an answer to each question in the space provided.

1. What does the Write Letters feature do?

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2. How many customers does Bellwether Garden Supply have?

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3. What type of promotion is Bellwether offering its customers?

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4. How do customers receive this special offer?

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5. What toolbar is used to change or add template fields?

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6. What is a template?

---

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7. What is the program and data path for Bellwether's letter templates?

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8. List four customer letter templates.

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**Exercise 18-1:** Follow the instructions below to complete Exercise 18-1.

1. Print the sales promotion letter to Chapple Law Offices. Use March 15, 2011 as the date. (*Hint:* Use the Bellwether Special letter template. Send a letter to Chapple Law Office.)
2. Save the file as Exercise 18-1.

**Exercise 18-2:** Follow the instructions below to complete Exercise 18-2.

1. Print a sales promotion letter to Cummings Construction. (Use the current date.)
2. Save the file as Exercise 18-2.

### ASSESSMENT RUBRIC

Complete the Assessment Rubric online at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011); Student Edition, select Chapter 18, Assessment Rubric link.

File	Location	Extracted Folders
PAWMail.zip		

### ANALYSIS QUESTION

1. What is included in the PAWMail.zip folder?
2. How do you see its contents?

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## Project

# 3

## Norcross Computer Club

---

In Project 3, you complete the computer accounting cycle for the Norcross Computer Club which is located in Norcross, GA. Norcross Computer Club is a nonprofit business organized as a corporation.

Because the Norcross Computer Club is a nonprofit business, observe that there are some differences in its Chart of Accounts and some of its transactions. For example, revenues are derived from membership fees and seminars. Club members also contribute computers to local schools. When you work with this project, you see how these transactions are handled.

The club sponsors a trip to the International Consumer Electronics Show (CES), a trade show in Las Vegas, Nevada. The trip involves expenses for bus rental, motel rooms, meals, and entrance fees to the trade show. Since so many club members attend CES, a special rate is offered to them.

In this project, you complete the accounting cycle for the month of January 2011. Norcross Computer Club's Balance Sheet, transaction register, and bank statement are provided as source documents.

At the end of this project there is a Checklist that shows the printed reports you should have. The step-by-step instructions also remind you when to print. Your instructor may ask you to turn in these printouts for grading purposes. Remember to make backups at periodic intervals.

Follow these steps to complete Project 3, Norcross Computer Club:

Step 1: Start Peachtree.

Step 2: Make the selections to create a new company.

## 732 Project 3: Norcross Computer Club

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Step 3: The company information for Norcross Computer Club is:

Company Name:	Norcross Computer Club
Address Line 1:	1911 E. Main Street, Suite 412
City, State, Zip:	Norcross, GA 30092
Country:	USA
Phone:	770-555-7200
Fax:	770-555-4233
Business Type:	Corporation
Federal Employer ID:	32-7855312
State Employer ID:	43-1348977
State Unemployment ID:	410920-4
Web Site:	www.norcrosscomputerclub.com
E-mail:	info@norcrosscomputerclub.com

Step 4: Accept the default to Use a sample business that closely matches your company.


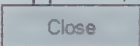
Step 5: Select Non-Profit Organizations. (*Hint: Scroll down the Detailed types list.*)

Step 6: Accept the default for Accrual accounting.

Step 7: Accept the default for Real Time posting.

Step 8: Accept the default for Choose an accounting period structure, 12 monthly accounting periods per year.

Step 9: The Choose the first period of your fiscal year window appears. If necessary, select January 2011.

Step 10: At the You are ready to create your company window, click . When the Setup Guide appears, select Don't show this screen at startup. Then, .

Step 11: Change the accounting period to Period 1 – 01/01/11 to 01/31/11 - .



Step 12: Delete, add, and change the following General Ledger accounts in the Chart of Accounts:

*Delete these accounts:*

*Acct. # Account Name*

10000	Petty Cash
10100	Cash on Hand
10300	Payroll Checking Account
10500	Special Account
10600	Cash-Restricted Fund
10700	Investments
11400	Other Receivables
11500	Allowance for Doubtful Account
12100	Inventory-Kitchen
12150	Inventory-Golf & Tennis
12200	Inventory-Snack Stand
14100	Employee Advances
14700	Other Current Assets
15200	Automobiles
15300	Other Depreciable Property
15400	Leasehold Improvements
15500	Building
15600	Building Improvements
16900	Land
17200	Accum. Depreciation-Automobi
17300	Accum. Depreciation-Other
17400	Accum. Depreciation-Leasehol
17500	Accum. Depreciation-Building
17600	Accum. Depreciation-Bldg Imp
19000	Deposits
19150	Accum. Amortiz. - Org. Costs
19200	Note Receivable-Noncurrent
19900	Other Noncurrent Assets
23000	Accrued Expenses
23100	Sales Tax Payable
23300	Deductions Payable
23400	Federal Payroll Taxes Payable
23500	FUTA Tax Payable
23600	State Payroll Taxes Payable

## 734 Project 3: Norcross Computer Club

---

23700	SUTA Payable
23800	Local Payroll Taxes Payable
24000	Other Taxes Payable
24100	Employee Benefits Payable
24200	Current Portion Long-Term Debt
24800	Other Current Liabilities
24900	Suspense-Clearing Account
27000	Notes Payable-Noncurrent
27100	Deferred Revenue
27400	Other Long-Term Liabilities
40200	Sales-Kitchen/Dining Room
40400	Sales-Golf & Tennis
40600	Sales-Snack Stand
40800	Sales-Other
41000	Contributions-Unrestricted
41200	Grants
41400	Program Service Revenue
41800	Investment Income
42000	Realized gain in Investment
42200	Miscellaneous Income
42400	Contributions-Restricted
42600	Investment Income-Restricted
43000	Other Income
48000	Fee Refunds
58000	Cost of Sales-Other
59000	Purchase Returns and Allowance
60000	Default Purchase Expense
60100	Grant and Allocation Exp.
61500	Bad Debt Expense
65000	Employee Benefit Programs Exp
65500	Other Employee Benefits
72000	Payroll Tax Expense
76500	Compensation of Officers
77000	Salaries Expense
89000	Other Expense

*Change these accounts:*

<i>Acct. #</i>	<i>Account Name</i>	<i>New Account Name</i>
10200	Regular Checking Account	First Federal Bank

---

12000	Inventory-Bar	Inventory-Computers/Schools
14000	Prepaid Expenses	Prepaid Rent
15100	Equipment	Computer Equipment
17000	Accum. Depreciation-Furnitur	Accum. Depreciation-Furn&Fix
17100	Accum. Depreciation-Eq.	Accum. Depreciation-Comp Equip
20000	Accounts Payable	Credit Card Payable
40000	Sales-Bar	Fees-Seminars/Classes
66000	Supplies Expense	Office Supplies Expense
67500	Occupancy Expense	Rent Expense
70000	Travel Expense	Bus Rental-CES
72500	Depreciation Expense	Depr. Exp.-Furniture & Fixture

*Add these accounts:*

<i>Acct. #</i>	<i>Account Name</i>	<i>Account Type</i>
39002	Membership Contributions	Equity-doesn't close
60000	Advertising Expense	Expenses
60400	Bank Service Charge	Expenses
70010	Meals-CES	Expenses
70020	Motel-CES	Expenses
70030	Fees-CES	Expenses
72520	Depr. Exp.-Comp Equip	Expenses

**Read Me:** How do I show my name on printouts?

Follow these steps to add your name to the company name.

1. From the menu bar, select Maintain; Company Information. The Maintain Company Information window appears.
2. Type your first and last name after Norcross Computer Club. The Company Name field shows: Norcross Computer Club—Your first and last name.

3. Click



**Step 13: Back up.** The suggested file name is **Norcross Computer Club Chart of Accounts.ptb**.

## 736 Project 3: Norcross Computer Club

Step 14: Use the Norcross Computer Club Balance Sheet to record the chart of accounts beginning balances.

Norcross Computer Club Balance Sheet January 1, 2011		
ASSETS		
Current Assets		
First Federal Bank	\$18,250.00	
Inventory-Computers/Schools	500.00	
Inventory-Office	<u>1,500.00</u>	
Total Current Assets		\$20,250.00
Property and Equipment		
Furniture and Fixtures	1,200.00	
Computer Equipment	<u>3,000.00</u>	
Total Property and Equipment		4,200.00
Other Assets: Organization Costs		300.00
Total Assets		<u>\$24,750.00</u>
LIABILITIES		
Credit Card Payable	250.00	
Total Liabilities		250.00
CAPITAL		
Retained Earnings		<u>24,500.00</u>
Total Liabilities and Capital		<u>\$24,750.00</u>

Step 15: Back up your data. The suggested file name is **Norcross Computer Club Starting Balance Sheet.ptb**.

Step 16: The transaction register that follows provides you with the information necessary for Norcross Computer Club's Cash Receipts Journal and Cash Disbursements Journal entries for January. The Norcross Computer Club issues checks and makes deposits to the First Federal Bank.

Norcross Computer Club Transaction Register					
Ck. No.	Date	Description of Transaction	Payment	Deposit	Balance
	12/31/10				18,250.00
	1/3/11	Deposit (membership dues) <sup>1</sup>		2,850.00	21,100.00
8001	1/10/11	Payment - Credit Card	250.00		20,850.00
8002	1/10/11	Richards Advertising	205.00		20,645.00
8003	1/10/11	Office Supplies, etc.	155.65		20,489.35
8004	1/17/11	Meals-CES	800.00		19,689.35
8005	1/17/11	Bus Rental-CES	600.00		19,089.35
8006	1/17/11	Entrance Fees-CES	725.00		18,364.35
8007	1/17/11	Motel Rooms-CES	835.27		17,529.08
8008	1/26/11	Atlanta Telephone	41.76		17,487.32
8009	1/26/11	Shipping Charges	41.00		17,446.32
	1/29/11	Deposit (seminar fees)		800.00	18,246.32

Step 17: *Additional journal entry.* On January 31, a club member donated a computer system and printer to the club. The value of the computer and printer is \$250. (Debit, Inventory - Computers/Schools; Credit, Membership Contributions. Use the General Journal for this entry)

Step 18: Norcross Computer Club's bank statement is shown on the next page. Complete the Account Reconciliation for the checking account.

<sup>1</sup>For each deposit shown on the transaction register, type the date of the transaction in the Deposit ticket ID field. For each check, use Banking; Write Checks.



## 738 Project 3: Norcross Computer Club

Statement of Account		Norcross Computer Club		
First Federal Bank		1911 E. Main Street, Suite 412		
Jan. 1 to Jan. 31, 2011		Account No. 913-389903	Norcross, GA 30092	
REGULAR CHECKING				
Previous Balance	12/31/10	\$ 18,250.00		
2 Deposits(+)		3,650.00		
7 Checks (-)		2,887.68		
Service Charges (-)		12.00		
Ending Balance	1/31/11	\$ 19,000.32		
DEPOSITS				
	1/3/11	2,850.00	1/31/11	800.00
CHECKS (Asterisk * indicates break in check number sequence)				
	1/14/11	8001	250.00	
	1/14/11	8002	205.00	
	1/17/11	8003	155.65	
	1/26/11	8004	800.00	
	1/28/11	8005*	600.00	
	1/29/11	8007	835.27	
	1/31/11	8008	41.76	

Step 19: Make a backup. The suggested file name is **Norcross Computer Club January.ptb**.

Step 20: Export these reports to Excel: Chart of Accounts, Cash Receipts Journal, Cash Disbursements Journal, General Ledger Trial Balance, Balance Sheet, Income Statement, Statement of Cash Flow, Statement of Retained Earnings. Use the file name **Norcross Computer Club\_CofA\_CRJ\_CDJ\_GLTB\_BS\_IS\_SCF\_SRE.xlsx**.

Your instructor may want to collect this project. A Checklist of Printouts is shown on the next page.

---

Checklist of Printouts, Project 3: Norcross Computer Club		
1		Chart of Accounts
2		Account Reconciliation
3		Account Register – First Federal Bank
4		Cash Disbursements Journal
5		Cash Receipts Journal
6		General Journal
7		General Ledger Trial Balance
8		General Ledger
9		Balance Sheet
10		Income Statement
11		Statement of Cash Flow
12		Statement of Retained Earnings

Student Name \_\_\_\_\_ Date \_\_\_\_\_

**CHECK YOUR PROGRESS: PROJECT 3  
NORCROSS COMPUTER CLUB**

1. What are the total debit and credit balances on your general ledger trial balance? \_\_\_\_\_
2. What is the total amount of checks outstanding? \_\_\_\_\_
3. How much are the total expenses on January 31? \_\_\_\_\_
4. How much are the total revenues on January 31? \_\_\_\_\_
5. How much is the net income (net loss) on January 31? \_\_\_\_\_
6. What is the account balance in the Membership Contributions account on January 31? \_\_\_\_\_
7. What are the total assets on January 31? \_\_\_\_\_
8. What is the ending retained earnings on January 31, 2011? \_\_\_\_\_
9. What is the balance in the Credit Card Payable account on January 31? \_\_\_\_\_
10. What is the balance in the Office Supplies Expense account on January 31? \_\_\_\_\_
11. Is there an Increase or Decrease in cash for the month of January? \_\_\_\_\_
12. Was any Credit Card Payable incurred during the month of January? (Circle your answer) YES NO

## Project

# 4

## RW Manufacturing

In Project 4, you complete the computer accounting cycle for RW Manufacturing. This company manufactures backpacks, sleeping bags, and tents.

RW Manufacturing offers its customers a sales discount of 2% 15, Net 30 days. Vendors offer RW Manufacturing a purchase discount of 1% 15, Net 30 days.

Follow these steps to complete Project 4, RW Manufacturing.

Step 1: Start Peachtree.

Step 2: Make the selections to create a new company.


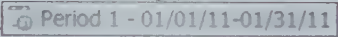
Step 3: Type the following company information for RW Manufacturing:

Company Name:	RW Manufacturing ( <i>use your initials, then Manufacturing</i> )
Address Line 1:	13411 Hudson Drive
City, State, Zip:	Atlanta, GA 30001
Country:	USA
Phone:	770-555-3434
Fax:	770-555-3412
Business Type:	Corporation
Federal Employer ID:	81-8505301
State Employer ID:	23-4844312
State Unemployment ID:	230207-7
Web Site:	<a href="http://www.atlanta.net/rwmftg">www.atlanta.net/rwmftg</a>
E-mail:	<a href="mailto:rwmftg@atlanta.net">rwmftg@atlanta.net</a>

Step 4: Accept the default for Use a sample business type that closely matches your company.

## 742 Project 4: RW Manufacturing

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- Step 5: Scroll down the list. In the **Detailed types** list, select **Manufacturing Company**. (*Hint: The Chart of Accounts has five-digit account numbers.*)
- Step 6: Accept the default for Accrual accounting.
- Step 7: Accept the default for Real Time posting.
- Step 8: Accept the default for 12 monthly accounting periods.
- Step 9: Choose the first period of your fiscal year window appears. If necessary, select January 2011 as the year.
- Step 10: At the You are ready to create your company window, click .
- Step 11: When the Peachtree Setup Guide window appears, click on the box next to Don't show this screen at startup to place a checkmark in it. Close the Setup Guide Window.
- Step 12: Change the accounting period to 01-Jan 01,2011 to Jan 31,2011—.

### General Ledger

1. Delete the following accounts:

10100 Cash on Hand  
10400 Savings Account  
10500 Special Account  
10600 Investments-Money Market  
15400 Leasehold Improvements  
16900 Land  
17300 Accum. Depreciation-Other  
17400 Accum. Depreciation-Leasehold  
24800 Other Current Liabilities



## 2. Change these account names:

10200	Regular Checking Account to Clarkson Bank
10300	Payroll Checking Account to Second St. Savings and Loan
14000	Prepaid Expenses to Prepaid Insurance
15100	Equipment to Computers & Equipment
15200	Automobiles to Trucks/Autos
17100	Accum. Depreciation - Equipment to Accum. Depreciation - Comp&Eq
17200	Accum. Depreciation - Automobil to Accum. Depreciation - Trks/Aut
23300	Deductions Payable to Medicare Employee Taxes Payabl
23800	Local Payroll Taxes Payable to Medicare Employer Taxes Payabl
24000	Other Taxes Payable to FICA Employee Taxes Payable
24100	Employee Benefits Payable to FICA Employer Taxes Payable
27000	Notes Payable-Noncurrent to Mortgage Payable
40000	Sales #1 to Sales-Backpacks
40200	Sales #2 to Sales-Sleeping Bags
40400	Sales #3 to Sales-Tents
72500	Penalties and Fines Exp to Employer FUTA Expense
73000	Other Taxes to Employer SUTA Expense

## 3. Add these accounts:

<i>Acct. ID</i>	<i>Acct. Description</i>	<i>Account Type</i>
12010	Inventory-Backpacks	Inventory
12020	Inventory-Sleeping Bags	Inventory
12030	Inventory-Tents	Inventory
22000	Credit Card Payable	Other Current Liabilities
23650	Employee SUI Taxes Payable	Other Current Liabilities
23755	SUTA2 Payable	Other Current Liabilities
73200	Employer FICA Taxes Expense	Expenses
73050	SUTA2 Expense	Expenses
73300	Employer Medicare Expense	Expenses

4. Back up. The suggested file name is **RW Mftg Chart of Accounts.ptb**.

## 744 Project 4: RW Manufacturing

5. You purchased RW Manufacturing in December 2010. Use the Balance Sheet below to record the chart of account beginning balances.

RW Manufacturing Balance Sheet January 1, 2011		
ASSETS		
Current Assets		
Clarkson Bank	\$77,650.00	
Second St. Savings and Loan	32,300.00	
Investments-Cert. of Deposit	14,500.00	
Inventory-Backpacks	1,612.50	
Inventory-Sleeping Bags	1,760.00	
Inventory-Tents	2,679.60	
Prepaid Insurance	<u>3,600.00</u>	
Total Current Assets		\$134,102.10
Property and Equipment		
Furniture and Fixtures	2,500.00	
Computers & Equipment	6,000.00	
Trucks/Autos	25,000.00	
Building	<u>105,000.00</u>	
Total Property and Equipment		138,500.00
Organization Costs		<u>1,000.00</u>
Total Assets		<u>\$273,602.10</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Credit Card Payable	15,900.00	
Mortgage Payable	<u>97,500.00</u>	
Total Liabilities		\$113,400.00
Stockholder's Equity: Common Stock		<u>160,202.10</u>
Total Liabilities and Stockholder's Equity		<u>\$273,602.10</u>

6. Backup. The suggested filename is **RW Mftg Starting Balance Sheet.ptb**.

---

**Accounts Payable**

1. Set up the following vendor defaults.

Standard Terms:	Due in number of days
Net due in:	30 days
Discount in:	15 days
Discount %	1.00
Credit Limit:	20,000.00

*GL Link Accounts:*

Expense Account:	12010 Inventory-Backpacks
Discount GL Account:	59500 Purchase Discounts

2. Set up the following vendors:

<b>Vendor ID:</b>	dd22
Name:	Denise Dalton Fabrics
Contact:	Denise Dalton
Mailing Address:	4131 East 14th Street
City, ST Zip:	Hartford, CT 06108
Vendor Type:	slpg bgs
1099 Type:	Independent Contractor
Expense Account:	12020 Inventory-Sleeping Bags
Telephone 1:	860-555-2488
Fax:	860-555-0632
E-mail:	denise@ddfabrics.com
Web Site:	www.ddfabrics.com

*Purchase Info:*

Tax ID Number:	09-8384201
----------------	------------

<b>Vendor ID:</b>	ep33
Name:	Eisen Products
Contact:	Dolores Eisen
Mailing Address:	100 Sycamore Avenue
City, ST Zip:	Cleveland, OH 44192
Vendor Type:	tents
1099 Type:	Independent Contractor

## 746 Project 4: RW Manufacturing

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Expense Account: 12030 Inventory-Tents  
Telephone 1: 216-555-1209  
Fax: 216-555-1210  
E-mail: dolores@eisenproducts.com  
Web Site: www.eisenproducts.com

### *Purchase Info:*

Tax ID Number: 38-2880081

**Vendor ID:** rk44  
**Name:** RK Products  
**Contact:** Rose Kelly  
**Mailing Address:** 14000 Oakland Blvd.  
**City, ST Zip:** Trenton, NJ 07092  
**Vendor Type:** backpack  
**1099 Type:** Independent Contractor  
**Expense Accounting:** 12010 Inventory-Backpacks  
**Telephone 1:** 609-555-8920  
**Fax:** 609-555-8922  
**E-mail:** info@rkproducts.net  
**Web Site:** www.rkproducts.net

### *Purchase Info:*

Tax ID Number: 22-8314188

## **Accounts Receivable**

1. Set up the following customer default settings:

Standard Terms: Due in number of days  
Net due in: 30 days  
Discount in: 15 days  
Discount %: 2.00  
Credit Limit: \$15,000.00

GL Sales Account: 40000 Sales-Backpacks  
Discount GL Account: 49000 Sales Discounts

## 2. Enter the following customer records:

**Customer ID:** 001BOS  
**Name:** Barson's Outdoor Suppliers  
**Billing Address:** 1320 Haverford Avenue  
**City, ST Zip:** Gainesville, FL 32650  
**Customer Type:** FL (for Florida)  
**Telephone 1:** 352-555-9211  
**Fax:** 352-555-6012  
**E-mail:** info@barsonoutdoor.biz  
**Web Site:** www.barsonoutdoor.biz

*Contacts:*

**Contact name:** Victor Barson

*Sales Info:*

**G/L Sales Acct:** 40000, Sales-Backpacks  
**Resale Number:** 3712440-2

**Customer ID:** 002SCS  
**Name:** Sandra's Camping Store  
**Billing Address:** 1900 West School Street  
**City, ST Zip:** Atlanta, GA 30303  
**Customer Type:** GA (for Georgia)  
**Telephone 1:** 404-555-2390  
**Fax:** 404-555-1281  
**E-mail:** sandra@campingstore.biz  
**Web Site:** www.campingstore.biz

*Contacts:*

**Contact name:** Sandra Caron

*Sales Info:*

**G/L Sales Acct:** 40200, Sales-Sleeping Bags  
**Resale Number:** 3991293-8



## 748 Project 4: RW Manufacturing

---

**Customer ID:** 003WST  
**Name:** West's Store  
**Billing Address:** 18053 Mill Avenue  
**City, ST Zip:** Cincinnati, OH 45227  
**Customer Type:** OH (for Ohio)  
**Telephone 1:** 513-555-8311  
**Fax:** 513-555-9133  
**E-mail:** james@weststore.com  
**Web Site:** www.weststore.com

### *Contacts:*

**Contact name:** James West

### *Sales Info:*

**G/L Sales Acct:** 40400, Sales-Tents  
**Resale Number:** 8917804-3

## **Payroll**

1. Locate the directory for [Your Initials] Manufacturing by selecting Maintain; Company Information. Write down the Directory.  
  

---
2. Exit Peachtree. *Before copying the TAXTABLE.DAT file, check with your instructor.* Copy the TAXTABLE.DAT from the BCS folder to your company's folder. (*Hint: Refer to pages 592-596, Copying the TAXTABLE.DAT File and User-Maintained Payroll Tables. Payroll taxes can also be recorded manually.*)
3. Start Peachtree. Open [Your Initials] Manufacturing. If you copied the TAXTABLE.DAT file, check the User-Maintained Payroll Formulas window. Payroll formulas for Georgia appear. On the Payroll Setup Wizard's Pay Types window, enter the following Regular Pay account. (Refer to Payroll Setup Wizard, pages 597-601.)

Hourly - Regular: **51000 Direct Labor Costs**  
 Salary - Salary: **77000 Salaries Expense**

The Pay Types window is shown below. Make the selections shown.

**Payroll Setup Wizard**

**Pay Types**

Enter the pay types (types of compensation offered to employees) and GL accounts you want to use to pay both hourly and salaried employees.

You can change the names and GL accounts of the pay types already listed below. You can also change the GL account for **individual employees** later.

**Hourly**

Pay Type	GL Account Number
Regular	51000 - Direct Labor Costs
Rate3	77500 - Wages Expense
Rate4	

**Salary**

Pay Type	GL Account Number
Salary	77000 - Salaries Expense
Salary3	
Salary4	

Cancel Save for Later < Back Next >

Refer to page 601 to complete the Payroll setup wizard.

- Refer to pages 602-604 for entering employee and employer default information. Enter the following employee accounts.

For Fed\_Income, accept the default for Account No. 23400, Federal Payroll Taxes Payable.

Soc\_Sec, Account No. 24000, FICA Employee Taxes Payable

MEDICARE, Account No. 23300, Medicare Employee Taxes Payable

St\_Income, Account No. 23600, State Payroll Taxes Payable

## 750 Project 4: RW Manufacturing

---

5. Use the Company Fields shown below.

	<i>Liability column</i>	<i>Expense column</i>
Soc_Sec_C	24100, FICA Employer Taxes Payable	73200, Employer FICA Taxes Expense
Medicare_C	23800 Medicare Employer Taxes Payable	73300, Employer Medicare Expense
Fed_Unemp_C	23500, FUTA Tax Payable	72500, Employer FUTA Expense
St_Unemp_C	23700, SUTA Payable	73000, Employer SUTA Expense
St2_Unemp_C	23755, SUTA2 Payable	73050, SUTA2 Expense

6. Refer to pages 604-608 to complete the payroll setup wizard.

- Compare your Assign Tax Fields for W-2s to page 606.
- Compare your Assign Company-Paid Tax Fields to page 607.
- Compare Employee-Paid State Taxes to page 607.

7. Add the following employee.

<b>Employee ID:</b>	EK40
<b>Name:</b>	Elaine Knapp
Accept the default for Employee	
<b>Address:</b>	813 North 75th Street
<b>City, ST Zip:</b>	Atlanta, GA 30032
<b>E-mail:</b>	elaine@mail.net
<b>Home phone:</b>	770-555-5133
<b>Social Security #:</b>	000-02-0023
<b>Type:</b>	FULL

*Pay Info:*

Salary, \$1,000. Ms. Knapp is paid monthly.

*Withholding Info:*

Filing Status: Single for Federal, State, and Local  
Allow: 1 for Federal, State and Local

**Employee ID:** JS50  
**Name:** Joan Segretti  
Accept the default for Employee  
**Address:** 414 Girard Street  
**City, ST Zip:** Atlanta, GA 30092  
**E-mail:** joan@mail.net  
**Home phone:** 770-555-8201  
**Social Security #:** 003-00-2130  
**Type:** FULL

*Pay Info:* Hourly, \$9.75 per hour; Overtime, \$14.63. Ms. Segretti is paid weekly.

*Withholding Info:*

Filing Status: Married for Federal, State, and Local  
Allow: 2 for Federal, State (Married/Jointly) and Local

**Employee ID:** LS60  
**Name:** Larry Smith  
Accept the default for Employee  
**Address:** 365 Peoria Blvd.  
**City, ST Zip:** Atlanta, GA 30393  
**E-mail:** larry@mail.net  
**Home phone:** 770-555-6878  
**Social Security #:** 200-00-0211  
**Type:** FULL

*Pay Info:* Hourly, \$9.75 per hour; Overtime, \$14.63. Mr. Smith is paid weekly.

## 752 Project 4: RW Manufacturing

---

### *Withholding Info:*

Filing Status: Married for Federal, State, and Local  
Allow: 2 for Federal, State (Married/Jointly),  
and Local

**Employee ID:** OW70  
**Name:** Owen Worth  
Accept the default for Employee  
**Address:** 601 East Cedar Avenue  
**City, ST Zip:** Atlanta, GA 30093  
**E-mail:** owen@mail.net  
**Home phone:** 770-555-2503  
**Social Security #:** 022-00-1200  
**Type:** FULL

*Pay Info:* Hourly, \$9.75 per hour; Overtime, \$14.63. Mr. Worth is paid weekly.

### *Withholding Info:*

Filing Status: Married for Federal, State, and Local  
Allow: 2 for Federal, State (Married/Jointly);  
and Local

## Inventory

1. Make sure that FIFO is the default inventory costing method.
2. Set up the following inventory items:

<b>Item ID:</b>	backpacks
<b>Description:</b>	backpacks
<b>Item Class:</b>	Stock item
<b>Description for Sales:</b>	backpacks
<b>Price Level 1:</b>	150.00
<b>Last Unit Cost:</b>	37.50
<b>Cost Method:</b>	FIFO
<b>GL Sales Acct:</b>	40000 Sales-Backpacks
<b>GL Inventory Acct:</b>	12010, Inventory-Backpacks
<b>GL Cost of Sales Acct:</b>	50500, Raw Material Purchases



---

Item Tax Type:	2 Exempt
Item Type:	backpack
Stocking U/M:	each
Minimum Stock:	10
Reorder Quantity:	5
Preferred Vendor ID:	rk44, RK Products

<i>Beginning Balances:</i>	backpacks
----------------------------	-----------

Quantity:	43.00
Unit Cost:	37.50
Total Cost:	1,612.50

<b>Item ID:</b>	sleeping bags
Description:	sleeping bags
Item Class:	Stock item
Description for Sales:	sleeping bags
Price Level 1:	105.00
Last Unit Cost:	27.50
Cost Method:	FIFO
GL Sales Acct:	40200, Sales-Sleeping Bags
GL Inventory Acct:	12020, Inventory-Sleeping Bags
GL Cost of Sales Acct:	50500, Raw Material Purchases
Item Tax Type:	2 Exempt
Item Type:	slpg bgs
Stocking U/M:	each
Minimum Stock:	10
Reorder Quantity:	5
Preferred Vendor ID:	dd22, Denise Dalton Fabrics

<i>Beginning Balances:</i>	sleeping bags
----------------------------	---------------

Quantity:	64.00
Last Unit Cost	27.50
Total Cost:	1,760.00

<b>Item ID:</b>	tents
Description:	tents
Item Class:	Stock item
Description for Sales:	tents
Price Level 1:	175.00

## 754 Project 4: RW Manufacturing

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Last Unit Cost:	47.85
Cost Method:	FIFO
GL Sales Acct:	40400, Sales-Tents
GL Inventory Acct:	12030, Inventory-Tents
GL Cost of Sales Acct:	50500, Raw Material Purchases
Item Tax Type:	2 Exempt
Item Type:	tents
Stocking U/M:	each
Minimum Stock:	10
Reorder Quantity:	5
Preferred Vendor ID:	ep33, Eisen Products

*Beginning Balances:* tents

Quantity:	56.00
Unit Cost:	47.85
Total Cost:	2,679.60

### Jobs

1. Set up the following job records:

<b>Job ID:</b>	13-221
Description:	backpacks
For Customer:	001BOS
Start Date:	1/3/11
Projected End Date:	12/31/11
Job Type:	backpack

<b>Job ID:</b>	14-331
Description:	sleeping bags
For Customer:	002SCS
Start Date:	1/3/11
Projected End Date:	12/31/11
Job Type:	slpg bgs

<b>Job ID:</b>	15-441
Description:	tents
For Customer:	003WST
Start Date:	1/3/11
Projected End Date:	12/31/11
Job Type:	tents

2. Back up. Use **RW Mftg Begin.ptb** as the filename.
3. Exit or continue.

**Journalize and post the following transactions:**


*Date*      *Description of Transaction*

01/07/11 Invoice No. 315 was received from Denise Dalton Fabrics for 15 sleeping bags @ \$27.50 each for a total of \$412.50. Post invoice 315.

01/07/11 Invoice No. 45 was received from RK Products for 20 backpacks @ \$37.50 each for a total of \$750.00. Post invoice 45.

01/07/11 Invoice No. 800 was received from Eisen Products for 16 tents @ \$47.85 each for a total of \$765.60. Post invoice 800.

01/07/11 Pay the factory employees for 40 hours of direct labor. Select Account No. 10300, Second St. Savings and Loan, as the Cash Account. In the Check Number field, type **101** for Ms. Segretti's paycheck. The check numbers for Mr. Smith and Mr. Worth will be automatically completed. (Do *not* print the payroll

checks.) Remember, click  to complete the following:

<i>Check No.</i>	<i>Employee</i>	<i>Job</i>	<i>Hours</i>
101	Joan Segretti	15-441	40
102	Larry Smith	14-331	40
103	Owen Worth	13-221	40

Remember to click  after each payroll entry.

If you did not copy the TAXTABLE.DAT file, enter the payroll withholdings on the Payroll Entry window shown on the next page.

[illegible]

- <sup>1</sup> Since you are not printing sales invoices, it is necessary to complete this field.

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<i>Check No.</i>	<i>Employee</i>	<i>Job</i>	<i>Hours</i>
104	Joan Segretti	15-441	40
105	Larry Smith	14-331	40
106	Owen Worth	13-221	40

01/14/11 Issued Check No. 1001 to RK Products in payment of purchase Invoice No. 45. Select Account No. 10200, Clarkson Bank as the cash account. In the Check Number field, type **1001**. Do *not* print vendor checks. In the Discount Account field, make sure that Account No. 59500, Purchase Discounts is shown. Post Check No. 1001 in the amount of \$742.50.

01/14/11 Issued Check No. 1002 to Denise Dalton Fabrics in payment of purchase Invoice No. 315. Post Check No. 1002 in the amount of \$408.37.

01/14/11 Issued Check No. 1003 to Eisen Products in payment of purchase Invoice No. 800. Post Check No. 1003 in the amount of \$757.94.

01/18/11 Invoice No. 328 was received from Denise Dalton Fabrics for 15 sleeping bags @ \$27.50 each for a total of \$412.50. Post invoice 328.

01/18/11 Invoice No. 900 was received from Eisen Products for 20 tents @ \$47.85 each for a total of \$957.00. Post invoice 900.

01/21/11 Pay the factory employees for 40 hours of direct labor. Remember to click on Save after each payroll check is recorded.

<i>Check No.</i>	<i>Employee</i>	<i>Job</i>	<i>Hours</i>
107	Joan Segretti	15-441	40
108	Larry Smith	14-331	40
109	Owen Worth	13-221	40



## 758 Project 4: RW Manufacturing

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- 01/25/11 Received payment from Barson's Outdoor Suppliers for sales invoice 101. Select Account No. 10200, Clarkson Bank, as the cash account. Use the date of the transaction in the Deposit ticket ID field. In the Reference field, type **Inv. 101**. Post this receipt in the amount of \$2,940.
- 01/25/11 Received payment from Sandra's Camping Store for sales invoice 102. In the Reference field, type **Inv. 102**. Post this receipt in the amount of \$1,234.80.
- 01/25/11 Received payment from West's Store for sales invoice 103. In the Reference field, type **Inv. 103**. Post this receipt in the amount of \$3,430.
- 01/25/11 Sold 25 sleeping bags on account to Sandra's Camping Store for a total of \$2,625.00, Job 14-331. In the Invoice # field, type **104**. Post sales invoice 104.
- 01/25/11 Sold 21 tents on account to West's Store for a total of \$3,675.00, Job 15-441. Post sales invoice 105.
- 01/28/11 Pay the factory employees for 40 hours of direct labor. *Remember to click on Save after each payroll check is recorded.*

Check No.	Employee	Job	Hours
110	Joan Segretti	15-441	40
111	Larry Smith	14-331	40
112	Owen Worth	13-221	40

- 01/28/11 Pay the salaried employee, Elaine Knapp. In the Salary Amounts table, make sure that account 77000, Salaries Expense, is shown in the Account column. If not, select that account. *Post Check No. 113.*

If you did not copy the TAXTABLE.DAT file, enter the payroll withholdings shown on the next page.

[illegible]

01/28/11	Issued Check No. 1004 to Clarkson Bank for \$709.23 in payment of Mortgage Payable; split the mortgage payment between principal in the amount of \$584.06, and interest in the amount of \$125.17. In the Check Number field, type <b>1004</b> . (Use the Write Checks task and the split feature. Make sure that account 10200, Clarkson Bank, is selected as the Cash Account.) Post Check No. 1004.
01/28/11	Issued Check No. 1005 to Second St. Savings and Loan for \$800 in payment of Credit Card Payable. Post Check No. 1005.
01/29/11	Issued Check No. 1006 to the ATL Power Company for \$204.75 in payment of utilities. (Debit Utilities Expense, Account No. 78000.) Post Check No. 1006.

## 760 Project 4: RW Manufacturing

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- 01/29/11 Issued Check No. 1007 to SE Bell for \$189.10 in payment of telephone bill. Post Check No. 1007.
- 01/29/11 Received payment from West's Store for sales invoice 105. In the Reference field, type **Inv. 105**. Post this receipt in the amount of \$3,601.50.

### Account Reconciliation

1. Complete the bank reconciliation for Clarkson Bank and Second St. Savings and Loan. The January 31, 2011, bank statements are shown below and on the next page.

### Bank Statement: Clarkson Bank

Statement of Account		RW Manufacturing		
Clarkson Bank		13411 Hudson Drive		
January 1 to January 31, 2011		Account #31133		Atlanta, GA 30001
REGULAR CHECKING				
Previous Balance	12/31/10	\$77,650.00		
2 Deposits(+)		11,206.30		
3 Checks (-)		1,908.81		
Service Charges (-)	1/31/11	22.00		
Ending Balance	1/31/11	\$86,925.49		
DEPOSITS				
	1/26/11	7,604.80		
	1/29/11	3,601.50		
CHECKS (Asterisk * indicates break in check number sequence)				
	1/28/11	1001	742.50	
	1/29/11	1002	408.37	
	1/29/11	1003	757.94	

**Bank Statement: Second St. Savings and Loan**

Statement of Account Second St. Savings and Loan January 1 to January 31, 2011			RW Manufacturing 13411 Hudson Drive Atlanta, GA 30001	
Account #434-988743				
PAYROLL CHECKING				
Previous Balance	12/31/10	32,300.00		
Deposits(+)				
9 Checks (-)		3,071.70		
Service Charges (-)	1/31/11	20.00		
Ending Balance	1/31/11	29,208.30		
DEPOSITS				
CHECKS (Asterisk * indicates break in check number sequence)				
	1/12/11	101	341.30	
	1/12/11	102	341.30	
	1/12/11	103	341.30	
	1/19/11	104	341.30	
	1/19/11	105	341.30	
	1/19/11	106	341.30	
	1/26/11	107	341.30	
	1/26/11	108	341.30	
	1/26/11	109	341.30	

2. Back up. Use **RW Mftg January.ptb** as the file name.
3. Export the following reports to Excel: General Ledger Trial Balance, Balance Sheet, Income Statement, Statement of Cash Flow, and Statement of Retained Earnings. Use the file name **RW Mftg\_GLTB\_BS\_IS\_SCF\_SRE.xlsx**. (Check with your instructor to see if he/she prefers additional reports exported to Excel.)

## 762 Project 4: RW Manufacturing

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Your instructor may want to collect this project. A Checklist of Printouts is shown below.

CHECKLIST OF PRINTOUTS, RW MANUFACTURING		
	1	Account Reconciliation Report: Clarkson Bank
	2	Account Reconciliation Report: Second St. Savings and Loan
	3	Account Register: Clarkson Bank
	4	Account Register: Second St. Savings and Loan
	5	General Ledger Trial Balance
	6	General Ledger
	7	Balance Sheet
	8	Income Statement
	9	Statement of Cash Flow
	10	Statement of Retained Earnings
	11	Customer Ledgers
	12	Vendor Ledgers
	13	Job Ledger
	14	Job Profitability Report
	15	Inventory Profitability Report
	16	Payroll Register
Optional printouts, RW Manufacturing		
	17	Chart of Accounts
	18	Customer List
	19	Vendor List
	20	Payroll Journal
	21	Purchase Journal
	22	Cash Disbursements Journal
	23	Sales Journal
	24	Cash Receipts Journal
	25	Cost of Goods Sold Journal
	26	General Journal



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Student Name \_\_\_\_\_ Date \_\_\_\_\_

**CHECK YOUR PROGRESS: PROJECT 4  
RW MANUFACTURING**

1. What are the total debit and credit balances on your General Ledger Trial Balance? \_\_\_\_\_
2. What are the total assets on January 31? \_\_\_\_\_
3. What is the balance in the Clarkson Bank account on January 31? \_\_\_\_\_
4. What is the balance in the Second St. Savings and Loan account on January 31? \_\_\_\_\_
5. What is Sandra's Camping Store account balance on January 31? \_\_\_\_\_
6. What are the direct labor costs on January 31? \_\_\_\_\_
7. How many backpacks were sold during the month of January? \_\_\_\_\_
8. How many sleeping bags were sold during the month of January? \_\_\_\_\_
9. How many tents were sold during the month of January? \_\_\_\_\_
10. What is the ending retained earnings amount on January 31? \_\_\_\_\_
11. What are the total expenses reported on January 31? \_\_\_\_\_
12. Was any Accounts Payable incurred during the month of January? (Circle your answer) YES NO



## Project

# 4A

## Student-Designed Project

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You have completed four projects: Sharon Albert, Accounting; Georgia Sports; Norcross Computer Club; and RW Manufacturing. In each project you completed the Computer Accounting Cycle for one month.

It is the purpose of Project 4A, to have you write the next month's transactions for one of the four projects. You pick the project and complete the accounting cycle: Project 1, Sharon Albert, Accounting, a service business; Project 2, Georgia Sports, a merchandising business; Project 3, Norcross Computer Club, a nonprofit business; or Project 4, RW Manufacturing, a manufacturing business. At the end of your month's transactions, you are required to complete adjusting entries.

Good luck! It is your turn to create the transactions for another month and complete the Computer Accounting Cycle. Remember to back up periodically.



# Appendix

# A

## Troubleshooting

Appendix A, Troubleshooting, includes the following.

1. Troubleshooting Installation, page 767
2. Peachtree is registered but a window prompts me to register, pages 767-768
3. 1628: Failed to Complete Installation, page 768
4. Update Peachtree, pages 768-770
5. Opening the Sample Companies, page 770
6. Problem Backing Up to USB Drive or Other External Media, pages 771-772
7. Restoring Starting Data for the Sample Companies, page 733
8. Payroll Entry, page 773
9. Serial Number in Use, pages 773-774
10. System Requirements Warning, page 774
11. Deleting Peachtree, page 774

### TROUBLESHOOTING INSTALLATION

If you are having difficulty installing Peachtree 2011, do a search to check if a PCWXXX.ini file resides on your hard drive.

Search and then delete these files:

1. PCW150.ini (Peachtree 2008)
2. PCW160.ini (Peachtree 2009)
3. PCW170.ini (Peachtree 2010)

Once the PCWXXX.ini file is deleted, try reinstalling Peachtree.

### PEACHTREE IS REGISTERED BUT WINDOW PROMPTS ME TO REGISTER

Even though I have registered Peachtree, a window prompts me to register.



Peachtree 2011 uses one configuration file named Peachtree180.ini. Since the Peachtree files, data path, and registry settings are the same regardless of the version of Sage Peachtree being used, there is no longer a need to have separate configuration (ini) files for each version of Sage Peachtree. The configuration file is not located in the Windows directory, and cannot be accessed through Start and Run.

Peachtree's knowledgebase answer ID 21654 at

[http://kb.sagesoftwareonline.com/cgi-bin/sagesoftwareonline.cfg/php/enduser/std\\_adp.php?p\\_faqid=21654&p\\_created=1190829736&p\\_topview=1](http://kb.sagesoftwareonline.com/cgi-bin/sagesoftwareonline.cfg/php/enduser/std_adp.php?p_faqid=21654&p_created=1190829736&p_topview=1) includes specific steps for locating where your Peachtree data path is.

**Note:** This article (Answer ID 21654) contains information about how to modify the registry. It is strongly recommend that you backup the registry before you modify it. You should perform these steps only if you are familiar with editing the Windows Registry. Please contact your IT Administrator for assistance if needed.

### 1628: Failed to Complete Installation

Go to Task Manager (Ctrl+Alt+Del). Under the Processes tab if you see the file IDRIVER.exe in the list highlight it and click End Task or End Process. Close the Task Manager when done.

Next, download and update the Windows Installer to the 4.5 version.

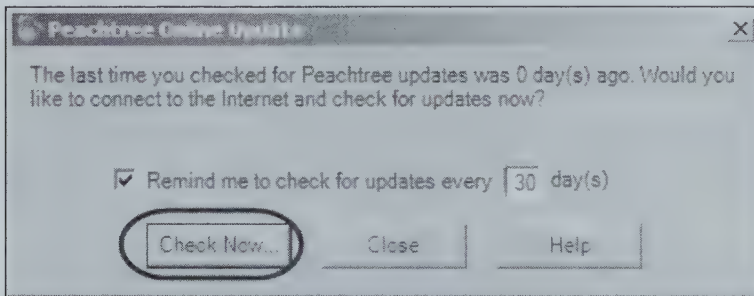
1. Go online to <http://support.microsoft.com/kb/942288>. Run Windows Installer version 4.5.
2. Restart your computer.
3. Reinstall Peachtree 2011.

### UPDATE PEACHTREE

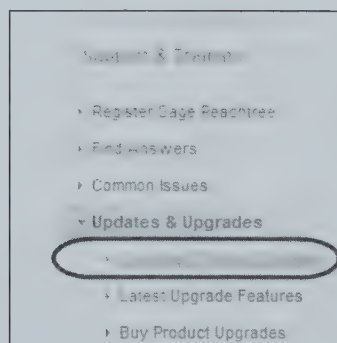
Should I update Peachtree Complete Accounting 2011? Sage Software provides program Internet updates periodically. To ensure that you have the latest version of the software, periodically update.

What if I am using Peachtree with no issues? You may still want to update. Check with your instructor before you update the software. Each step below shows a way to check for Peachtree updates.

1. When you start Peachtree, a Peachtree Online Update window appears.



2. Select **Check Now...** and the update process begins.
3. You can also check for updates from the menu bar. Select Services; Check for Updates. Click **Check Now...**. The website for Peachtree updates is [www.peachtree.com/supportTraining/downloadsUpdates/](http://www.peachtree.com/supportTraining/downloadsUpdates/). Link to Download Product Updates.



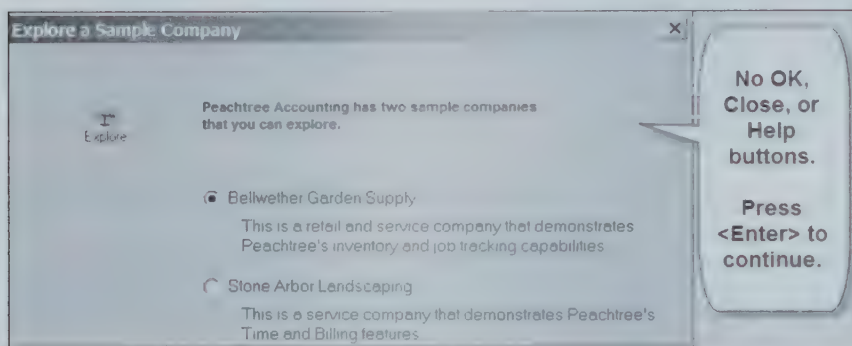
4. From the Service Release Updates list, link to Sage Peachtree Complete Accounting. As of this writing, 2011 Service Release 2 is available for Sage Peachtree Complete Accounting.

### Q 2011 Sample Company 2

For more information about Peachtree updates, select Help; Peachtree Accounting Help, select the Index tab, type **updates**, double-click checking for Peachtree. The Check for Peachtree Updates help window appears.

## OPENING THE SAMPLE COMPANIES

When selecting one of the sample companies — Bellwether Garden Supply or Stone Arbor Landscaping — the Explore a Sample Company Window does not show the OK, Close, or Help buttons.



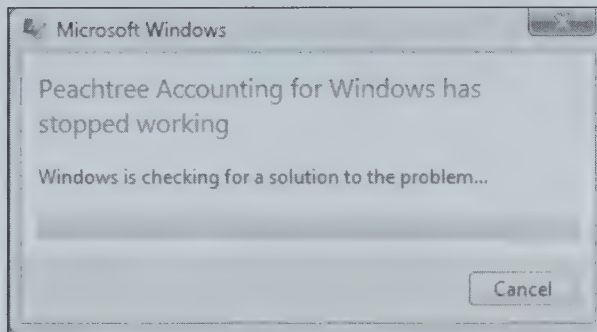
Screen resolution affects how Peachtree's windows look. The recommended screen resolution is 1024X768 with small fonts. Page iv includes this recommended system requirement:

- At least high color (16-bit) SVGA video; supports 1024x768 resolution with small fonts required.

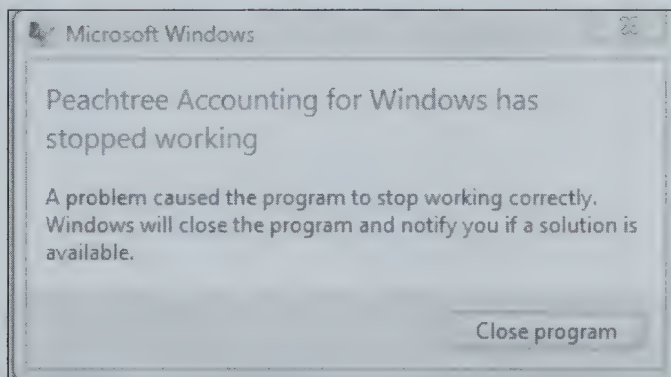
Higher screen resolution may be used. Higher resolution will not affect how the software functions, but the user interface might look different. For example, if you do not have an OK button, press <Enter> to start Bellwether Garden Supply or Stone Arbor Landscaping.

## PROBLEM BACKING UP TO USB DRIVE OR OTHER EXTERNAL MEDIA

When I back up to USB media (thumb or flash drive), this message appears.




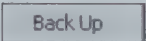
Then, this window appears:



Click . You are returned to the Windows desktop.

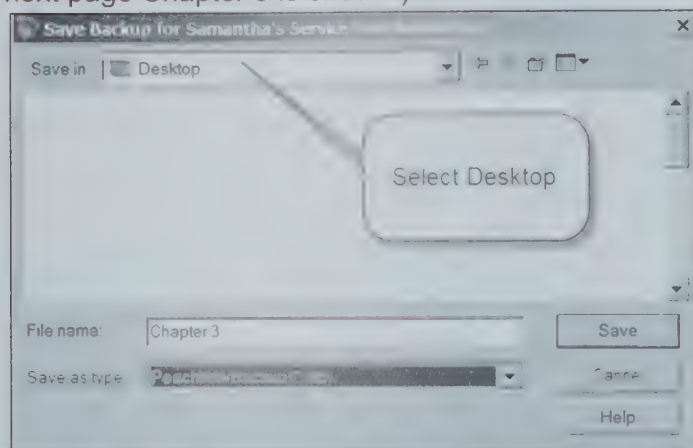
Make a backup, using the Desktop as the destination. Then, copy the backup from your desktop to a USB drive. Follow the steps shown below to do that.


1. From the Navigation Bar, select  **Company**; Back up.

2. Click .

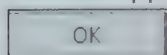
3. In the Save in field, select Desktop.

4. In the File name field, type the appropriate file name. (In the example on the next page Chapter 3 is shown.)



5. Click .

6. When This Company backup will require approximately X.XXMB window appears (substitute correct number for Xs.), click



When the Back Up Company scale is 100% complete, you have successfully backed up. Minimize Peachtree to go to your desktop. The Chapter 3.ptb file is shown on the Windows desktop.

7. Right click on the Chapter 3.ptb file; left-click Copy.

8. Right click on the Start button; left-click Explore.

9. Go to your USB drive location. Right-click on the USB drive; left-click Paste.



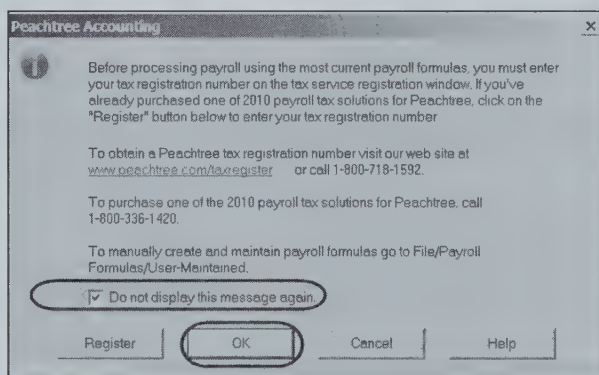
## RESTORING STARTING DATA FOR THE SAMPLE COMPANIES: BELLWETHER GARDEN SUPPLY AND STONE ARBOR LANDSCAPING

To start the sample companies from the beginning (before any data was added), restore these files:

1. In Chapter 1, on pages 19-23, you backed up Bellwether Garden Supply. This back up was made *before* any data was added. Restore the bgs.ptb file. Refer to Using Peachtree's Restore Wizard on pages 28-32 for detailed steps. Once the bgs.ptb file is restored you have starting (beginning) data for Bellwether Garden Supply.
2. In Chapter 8, on pages 267-268, you backed up Stone Arbor Landscaping. Restore the Chapter 8.ptb file.

## PAYROLL ENTRY

If you select the Payroll Entry window and a window appears asking you to register payroll, click on the Do not display this message again box. Then, click OK.



## SERIAL NUMBER IN USE; YOU CANNOT USE PEACHTREE BECAUSE IT HAS REACHED ITS MAXIMUM NUMBER OF USERS

If you are receiving Serial Number in use, Another Peachtree user is using the same serial number, or Peachtree has reached its maximum number of users, do the following.

1. If necessary, exit Peachtree.

2. Go to Task Manager by pressing the CTRL+ALT+DEL keys and on the Processes tab look for W3DBSMGR.EXE, click to highlight and choose End Task. The W3DBSMGR.EXE file is the Pervasive database which sometimes takes time to end. You may have exited Peachtree and then tried to start it *before* Pervasive stopped running.
3. Restart Peachtree.

### SYSTEM REQUIREMENTS WARNING

If a System Requirements window warns RAM is not large enough or processing speed is too slow, you may continue installation but Peachtree 2011 may run slower.

The minimum requirements for Peachtree 2011 installation are 512 MB of RAM (for a single and multiple users) and 1 GHz processor speed. Refer to pages iii-v for System Requirements. Peachtree's system configuration is also online at <http://www.peachtree.com/productsServices/complete/system/>.

### DELETING PEACHTREE

Follow these steps to delete Peachtree Complete Accounting 2011. (Use similar steps to delete Peachtree 2010.)

1. Insert the Peachtree CD.
2. When the Welcome to Peachtree Accounting window appears, select Remove or Modify Peachtree Accounting.
3. Select Peachtree Complete Accounting 2011.
4. Select Remove. Follow the screen prompts to remove Peachtree.

After removal, you may want to delete these folders: C:\Sage and C:\Program Files (x86)\Sage. Before removing the folders, backup data that you want to keep. Once the Sage folder is deleted, all company data files are removed. (*Hint:* In Windows Vista and XP, the Sage folder is within C:\Program Files. Refer to File Management, pages xvii-xviii.)

In *Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15e*, you learn about the relationship between Peachtree and fundamental accounting principles and procedures. Throughout the textbook, you are shown how the initial decisions for setting up a company, setting defaults, processing transactions, and generating reports relates to what is learned in other accounting courses.

Another feature of the textbook explains how Peachtree's user interface organizes and processes data. Peachtree is an example of an accounting information system. The following section defines **accounting information systems (AIS)** and their key components.

### ACCOUNTING INFORMATION SYSTEMS

An accounting information system is the method of recordkeeping a business uses to maintain its financial information. This includes purchases, sales, and other financial processes of the business. The purpose of AIS is to accumulate data and provide decision makers (investors, creditors, and managers) with information.

Key characteristics of an accounting information system include providing timely accurate financial information to management and external users (creditors, investors, regulatory authorities, and taxation authorities). AIS software uses various modules to record data and produce reports. Users can easily produce financial statements or obtain information to manage the day-to-day activities of a business. This was previously a paper-based process but most businesses now use accounting software. In an electronic financial accounting system, the steps in the accounting cycle are built on the system itself.

Accounting information systems not only record the financial transactions of a business but also combine the study and practice of accounting within the design, implementation, and monitoring of records. Such systems use information technology resources together with traditional accounting controls and methods to provide users the financial information necessary to manage their organizations.

The key components of an accounting information system are:

**Input.** The input devices commonly associated with AIS include: standard personal computers or workstations, scanning devices for standardized data entry, electronic communication devices for electronic data interchange (EDI) and e-commerce. In addition, many financial systems come Web-enabled to allow devices to connect to the Internet

**Process.** Basic processing is achieved through computer systems ranging from individual personal computers to large-scale enterprise servers. The underlying model is the double-entry accounting system initially introduced in Italy in the fifteenth century.

**Output.** Output devices used include computer displays, printers, and electronic communication devices for electronic data exchange and e-commerce. The output content may encompass almost any type of financial reports from budgets and tax reports to multinational financial statements.

## ACCOUNTS PAYABLE SYSTEM: PEACHTREE AND QUICKBOOKS

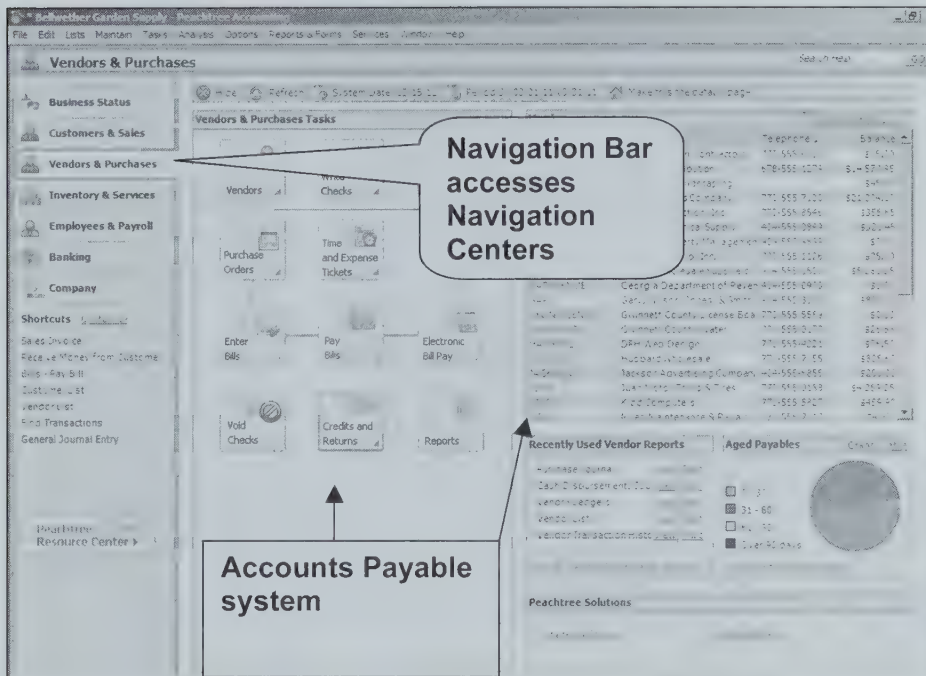
Peachtree and QuickBooks are two popular small business accounting software applications. To exemplify an accounting information system, let's look at how these two software applications process accounts payable.

Both software applications contain modules that reflect business processes. Typical business processes include sales, cash receipts, purchases, cash payments, and human resource functions such as payroll.

### Peachtree

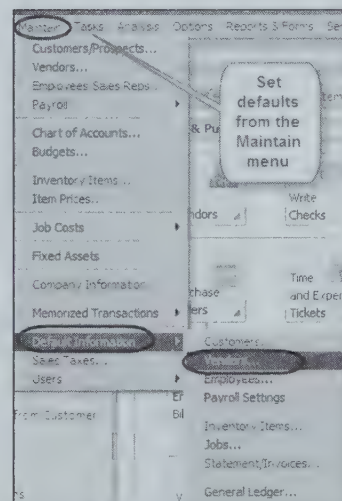
Peachtree includes a Navigation Bar and Navigation Centers which take you to various business process areas or system modules. Another way to go to Peachtree's modules is to make selections from the menu bar. In order to show Peachtree's accounts payable system, the Vendors & Purchases Navigation Center is shown on the next page.



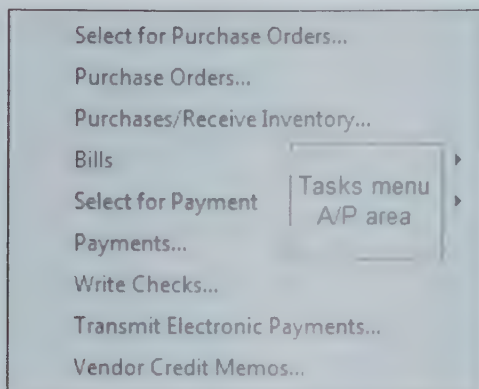


When Vendors & Purchases is selected, the Vendors & Purchases Navigation Center appears (also called the Navigation Center). A task diagram shows the flow of data through the accounts payable system. Other areas on the Vendors & Purchases Navigation Center include the Vendors list, Recently Used Vendor Reports, Aged Payables, and Peachtree solutions. This is all in Peachtree's accounts payable system or accounts payable module.

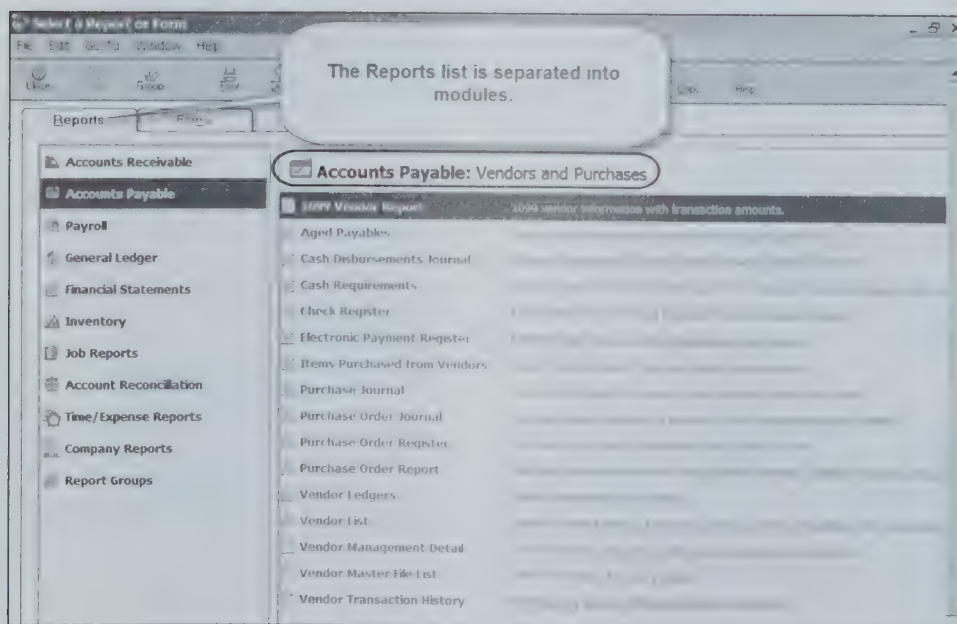
Another way to use the accounts payable system is to make selections from the menu bar. The Maintain menu is where defaults are set up. The Maintain menu includes a Vendors selection and a selection for Default Information, Vendors. The menu bar's Tasks menu is also organized by module. For example, the accounts payable selections are in one area. The Tasks menu A/P area is shown on the next page.







The Reports & Forms menu includes an Accounts Payable selection. When the Select a Report or Form window appears, Accounts Payable: Vendors and Purchases selections are available. There are two tabs: Reports and Forms. The Forms tab allows you to select the appropriate accounts payable form. Notice that the Reports list includes each Peachtree module: Accounts Receivable, Accounts Payable, Payroll, General Ledger, Inventory, etc.



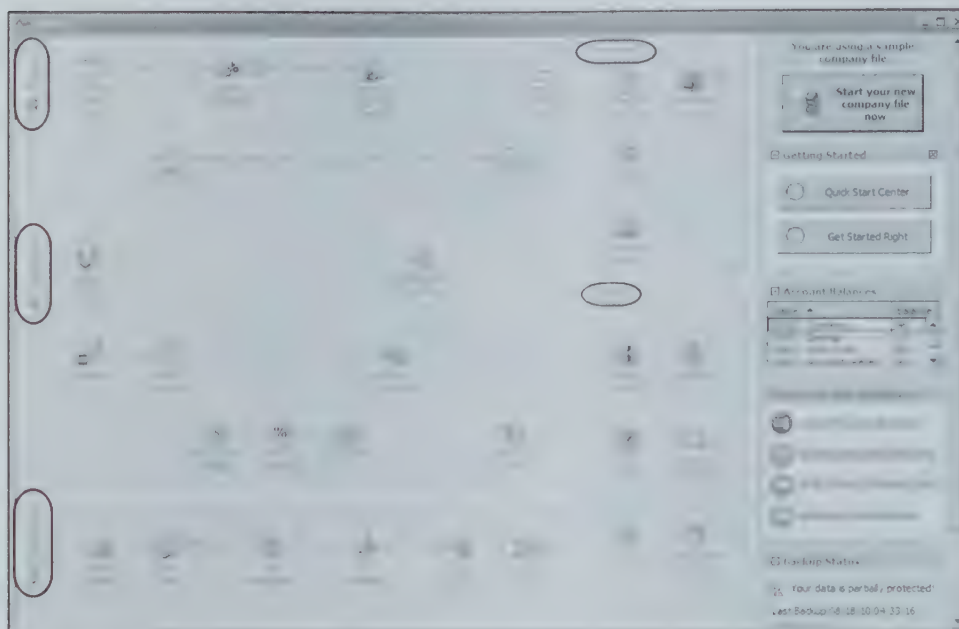
In addition, various system controls exist to ensure the accuracy and reliability of the data recorded. For example, preformatted screens facilitate the accuracy and completeness of data entry. Fields are restricted to either text or numeric data or a specific number of characters. Values are automatically calculated. The system prompts or requests the user to enter specific data and processing will not continue until the appropriate data is entered. Drop down lists or look-up tables allow the user to access master tables.

Master tables are used to set and maintain constant data, i.e. defaults. When a user enters a specific identification code such as a vendor number, the system accesses the master table and automatically completes information about the vendor within the transaction window. From these examples, you can see how Peachtree's accounts payable system is organized. Now let's look at QuickBooks and you will see many similarities as well as differences between the two accounting information systems.

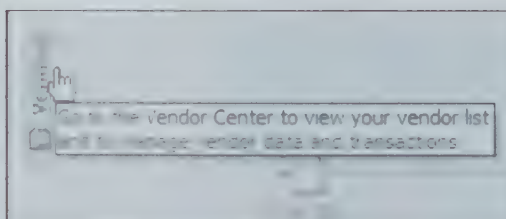
### **QuickBooks**

QuickBooks's home page shows Centers or areas; for example, Vendors, Customers, Employees, Company, Banking. If you compare this to Peachtree's Navigation Bar you see a similar organization—QuickBooks's Centers vs. Peachtree's Navigation Bar and Navigation Centers.

QuickBooks's home page is shown on the next page.

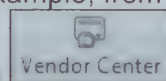


The QuickBooks Home page provides a big picture of how essential business tasks fit together. Tasks are organized into groups (Customers, Vendors, Employees, Company, and Banking) with workflow arrows to help you learn how tasks relate to each other, and help decide what to do next. When the Vendors button is selected, the Vendor Center appears. If the Customers button or Employees button is selected, their Centers appear.

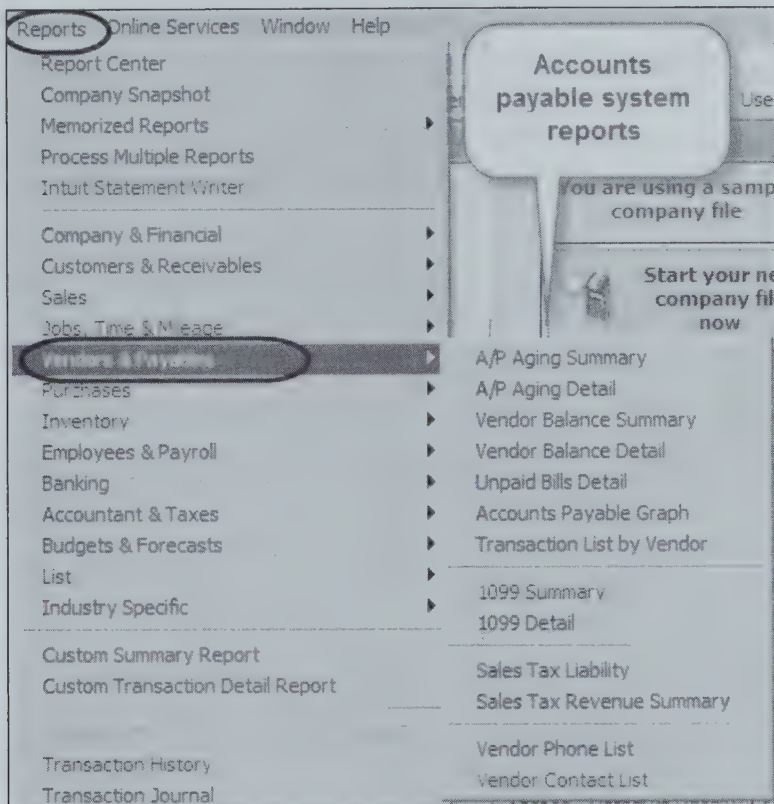


Another way to access the accounts payable module is to make selections from QuickBooks's icon bar or menu bar. For example, from

the icon bar, you can go to the Vendor Center by selecting



The menu bar Reports selection also includes Vendors & Payables and Purchases reports. The Reports; Vendors & Payables selection is shown below.



The Reports menu Purchases selection includes more accounts payable reports.

<b>Purchases</b>	▶	Purchases by Vendor Summary
Inventory	▶	Purchases by Vendor Detail
Employees & Payroll	▶	Purchases by Item Summary
Banking	▶	Purchases by Item Detail
Accountant & Taxes	▶	Open Purchase Orders
Budgets & Forecasts	▶	Open Purchase Orders Detail
List	▶	Open Purchase Orders by Job

## Similarities and Differences

To read about the similarities and differences between Peachtree and QuickBooks, visit these websites.

1. Peachtree: See how Peachtree compares to QuickBooks – <http://www.peachtree.com/accountants/switch/>.
2. QuickBooks: Compare QuickBooks to Peachtree – [http://quickbooks.intuit.com/qb/components/landing\\_pages/switcher\\_center/compchart.jsp](http://quickbooks.intuit.com/qb/components/landing_pages/switcher_center/compchart.jsp)

The table below and on the next page summarizes some of the similarities and differences between the two accounting software applications.

Features	Peachtree	QuickBooks
<b>Modules</b>  Customers (A/R) Vendors (A/P) Employees Banking Inventory	<b>Navigation Bar</b>  Transaction windows include debit/credit fields  LIFO/FIFO, and average inventory  User-maintained payroll or third-party	<b>Centers</b>  Transaction window dr./cr. defaults cannot be changed  Average inventory  Intuit payroll add-on or third-party
<b>Journals</b>	<b>GL:</b> General Journal  <b>A/P:</b> Purchase Journal and Cash Payments Journal  <b>A/R:</b> Sales Journal and Cash Receipts Journal  <b>Inventory:</b> Cost of Goods Sold Journal; Inventory Adjustments Journal  <b>Payroll:</b> Payroll Journal	Transaction Journal



Features	Peachtree	QuickBooks
General Ledger	YES	YES
Subsidiary Ledgers		
Financial Statements		
Audit Trail	Audit Trail Report (shows time and date of entry)	Audit Trail Report (does not show time of entry)
	Find Transactions Report	NO
Backup/Restore/ Open Company	One file extension - .PTB - for backups/restore/open company	Backup extensions include .QBB, .QBM, .QBA. Open company, .QBW extension

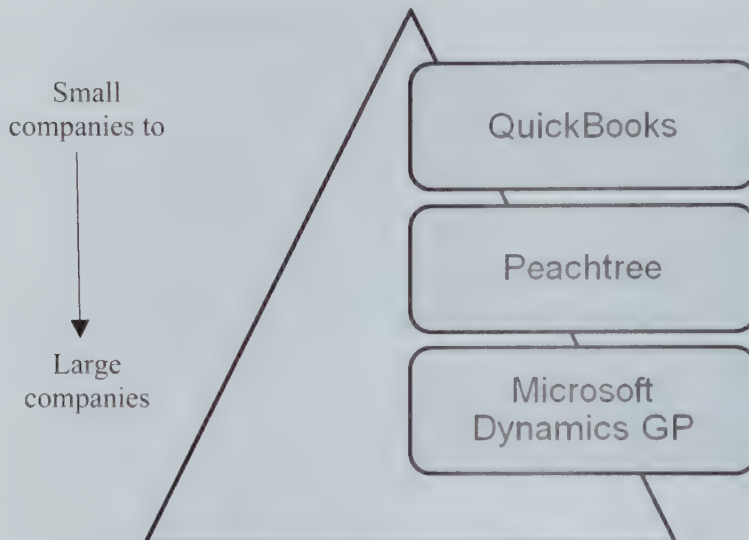
Peachtree and QuickBooks are examples of accounting information systems that are used for small business accounting. Even though the user interface looks different, the processing of accounting data and the reports generated are similar.

### Accounting Software

Accounting information systems use software applications like Peachtree and QuickBooks, as well as numerous other software programs, to process and manage business transactions.

There are a lot of software packages for accounting. To look at some product comparisons, go online to <http://accounting-software-review.toptenreviews.com/> which compares ten accounting software products.

The major differences between accounting software products include the depth of processing, enhanced features and functions, and the size of the database. As the database gets larger, the depth of processing increases and more features and functions are available. As companies grow in size, their accounting software needs change.



Peachtree and QuickBooks are used by small companies. As the company grows to mid-size, Peachtree and Microsoft Dynamics GP can be used. Large companies use Microsoft Dynamics GP.

Company size	No. of Employees
Small business	1-50 employees
Medium-sized business	50-500 employees
Large business	500+ employees

You can see that accounting software addresses small, medium and large businesses. The high-end accounting software applications are generally referred to as **enterprise resource planning (ERP)** systems. ERP systems are designed to integrate all of the major functions of a business to promote efficient operations. ERP systems are usually company-wide software applications which manage and coordinate all the resources, information, and functions of a business from shared data sources.

## Appendix

# C

## Review of Accounting Principles

*Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15<sup>th</sup> Edition*, is for students who are studying accounting or have used accounting in business. Some of you may have completed one or two semesters of accounting using *Fundamental Accounting Principles*, 20e, Wild et al., McGraw-Hill/Irwin, ©2011, or another accounting textbook. Appendix C is a review of basic accounting principles and procedures.

Accounting is concerned with how transactions and other economic events should be described and reported. The Computer Accounting Cycle is shown below. This series of steps (2 through 11) is repeated each month for a business's transactions. (Step 1, New Company Setup and the chart of accounts is completed when the business is created.)

<b>Peachtree Complete Accounting Computer Accounting Cycle</b>	
1.	New Company Set up and the chart of accounts.
2.	Analyze transactions.
3.	Journalize entries.
4.	Post to the ledger.
5.	Print general ledger trial balance (unadjusted).
6.	Account reconciliation.
7.	Journalize and post adjusting entries.
8.	Print the general ledger trial balance (adjusted).
9.	Print the financial statements.
10.	Change accounting periods.
11.	Interpret accounting information.

In the service businesses featured in this book, you used the Cash Payments Journal and Cash Receipts Journal for business transactions. Then you post these transactions to the General Ledger. In a merchandising business you use Peachtree's Accounts Payable system and Accounts Receivable system. Special journals are used in conjunction with the Accounts Payable and Accounts Receivable ledgers. The special journals include: Cash Receipts Journal, Sales Journal, Cash Disbursements Journal, and Purchase Journal. The General Ledger, Accounts Payable and Accounts Receivable systems are taught in Parts 1, 2 and 3 of *Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15e*.

Standard accounting procedures are based on the double-entry system. This means that for each business transaction, one or more debits and one or more credits must be made in a journal and posted to the ledger. The debits must equal the credits.

The double-entry accounting system is based on the following premise: each account has two sides—a debit (left) side and credit (right) side. This is stated in the **accounting equation** as:

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

**Assets** are the economic resources and other properties that a business owns. Asset accounts include: Cash, Accounts Receivable, Office Supplies, Equipment, Land, Buildings, etc.

**Liabilities** are the business's debts. Liability accounts include: Accounts Payable, Loans Payable, Unearned Rent, etc.

**Equity** is the difference between the organization's assets and liabilities. Equity accounts for organizations that are sole proprietorships or partnerships include: Capital and Withdrawals. Equity accounts for organizations that are corporations include contributed capital accounts like common stock which represent external ownership and retained earnings and dividends accounts which represent internal ownership interests. Temporary equity-related accounts known as revenue and expense accounts recognize an organization's income activities during the period.

Since assets are on the left side of the accounting equation, the left side of the account increases. This is the usual balance, too; assets increase on the left side and have a debit balance. Liabilities and Equity accounts

are on the right side of the equation. Therefore, they increase on the right side and normally carry credit balances.

Another way to show the accounting equation and double-entry is illustrated below.

ASSETS			
+		-	
LIABILITIES			
-		+	
OWNER'S EQUITY			
-		+	
EXPENSES		REVENUES	
+	-	-	+

Each element of the accounting equation, Assets, Liabilities, and Equity, behaves similarly to their placement in the equation. Assets have debit balances; Liabilities have credit balances; Equities have credit balances; Expenses have debit balances because they decrease equity; and Revenues have credit balances because they increase equity.

In computerized accounting it is important to number each account according to a system. This is called the Chart of Accounts. The Chart of Accounts is a listing of all the general ledger accounts. The Chart of Accounts identifies accounts with a number (five digits in Peachtree's detailed chart; four digits in Peachtree's simplified chart). The account number is shown in the Account ID column; the name of the account in the Account Description column; the next column shows whether account is Active; and the Account Type column classifies accounts for the



financial statements. On Peachtree's chart of accounts, the Account Type column classifies accounts as cash, accounts receivable, inventory, fixed assets, accumulated depreciation accounts, liability accounts, etc. A partial chart of accounts is shown below.

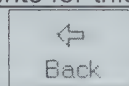
RW Manufacturing Chart of Accounts As of Jan 31, 2011			
Filter Criteria includes Report order is by ID Report is printed with Accounts having Zero Amounts and in Detail Format			
Account ID	Account Description	Active	Account Type
10000	Petty Cash	Y	Cash
10200	Clarkson Bank	Y	Cash
10300	Second St. Savings and Loan	Y	Cash
10700	Investments-Cert. of Deposit	Y	Cash
11000	Accounts Receivable	Y	Accounts Receivable
11400	Other Receivables	Y	Accounts Receivable
11500	Allowance for Doubtful Account	Y	Accounts Receivable
12000	Raw Materials Inventory	Y	Inventory
12010	Inventory-Backpacks	Y	Inventory
12020	Inventory-Sleeping Bags	Y	Inventory
12030	Inventory-Tents	Y	Inventory
12050	Supplies Inventory	Y	Inventory
12100	Work in Progress inventory	Y	Inventory
12150	Finished Goods inventory	Y	Inventory
14000	Prepaid Insurance	Y	Other Current Assets
14100	Employee Advances	Y	Other Current Assets
14200	Notes Receivable-Current	Y	Other Current Assets
14300	Prepaid Interest	Y	Other Current Assets
14700	Other Current Assets	Y	Other Current Assets
15000	Furniture and Fixtures	Y	Fixed Assets
15100	Computers & Equipment	Y	Fixed Assets
15200	Trucks/Autos	Y	Fixed Assets
15300	Other Depreciable Property	Y	Fixed Assets
15500	Building	Y	Fixed Assets
15600	Building Improvements	Y	Fixed Assets
17000	Accum. Depreciation - Furniture	Y	Accumulated Depreciation
17100	Accum. Depreciation - Comp&Eq	Y	Accumulated Depreciation
17200	Accum. Depreciation - Trks/Aut	Y	Accumulated Depreciation
17500	Accum. Depreciation - Building	Y	Accumulated Depreciation
17600	Accum. Depreciation - Bldg Imp	Y	Accumulated Depreciation
19000	Deposits	Y	Other Assets
19100	Organization Costs	Y	Other Assets
19150	Accum. Amortiz - Org. Costs	Y	Other Assets
19200	Note Receivable-Noncurrent	Y	Other Assets
19900	Other Noncurrent Assets	Y	Other Assets
20000	Accounts Payable	Y	Accounts Payable
22000	Credit Card Payable	Y	Other Current Liabilities
23000	Accrued Expenses	Y	Other Current Liabilities
23100	Sales Tax Payable	Y	Other Current Liabilities
23200	Wages Payable	Y	Other Current Liabilities
23300	Medicare Employee Taxes Payable	Y	Other Current Liabilities
23400	Federal Payroll Taxes Payable	Y	Other Current Liabilities
23500	FUTA Tax Payable	Y	Other Current Liabilities
23600	State Payroll Taxes Payable	Y	Other Current Liabilities
23650	Employee SUI Taxes Payable	Y	Other Current Liabilities
23700	SUTA Payable	Y	Other Current Liabilities
23755	SUTA2 Payable	Y	Other Current Liabilities
23800	Medicare Employer Taxes Payable	Y	Other Current Liabilities
23900	Income Taxes Payable	Y	Other Current Liabilities
24000	FICA Employee Taxes Payable	Y	Other Current Liabilities
24100	FICA Employer Taxes Payable	Y	Other Current Liabilities
24200	Current Portion Long-Term Debt	Y	Other Current Liabilities
24400	Deposits from Customers	Y	Other Current Liabilities
24500	Suspense-Clearing Account	Y	Other Current Liabilities
27000	Mortgage Payable	Y	Long Term Liabilities
27100	Deferred Revenue	Y	Long Term Liabilities
27400	Other Long-Term Liabilities	Y	Long Term Liabilities
39003	Common Stock	Y	Equity-doesn't close
39004	Paid-in Capital	Y	Equity-doesn't close
39005	Retained Earnings	Y	Equity-Retained Earnings
39007	Dividends Paid	Y	Equity-gets closed
40000	Sales-Backpacks	Y	Income
40200	Sales-Sleeping Bags	Y	Income


Peachtree includes over 75 sample companies from which you can copy default information, including detailed and simplified Chart of Accounts examples. If you want to see which sample companies are included in Peachtree, select Help from the menu bar, then select Contents and Index. If necessary, select the Contents tab; then double-click Help about Your Specific Type of Business. Double-click on the A-Z List of Business Types. An alphabetic list of company types displays. Move your mouse to a company that you want to see and single click. To see the chart of accounts, click on Display a sample chart of accounts for this

type of business. If you want a printout, click



. Click



to select another business type; or click  on the title bar to close the Peachtree Help screen.

Report information in the form of financial statements is important to accounting. The Balance Sheet reports the financial position of the business. It shows that assets are equal to liabilities plus equity—the accounting equation. The Income Statement shows the difference between revenue and expenses for a specified period of time (month, quarter, year). The Statement of Cash Flow reports the operating, financial, and investing activities for the period.

Peachtree tracks income and expense data for an entire year. At the end of the year, all revenue and expense accounts are closed to equity. All you need to do is select Tasks, System, then Year-End Wizard. This step closes all revenue and expense accounts to equity. The income and expense accounts have zero balances and you are ready to start the next year. Peachtree includes 24 periods so it is possible to accumulate data for two years.

In accounting you learn that asset, liability, and equity accounts are included on the balance sheet. Revenue (income) and expense accounts are placed on the Income Statement. The Cash Flow Statement shows the sources of cash coming into the business and the destination of the cash going out.

The most important task you have is recording transactions into the appropriate accounts. Peachtree helps you by organizing the software into Business Status, Customers & Sales, Vendors & Purchases,

Inventory & Services, Employees & Payroll, Banking, and Company navigation centers. You record transactions into the right place using easy-to-complete forms. Once transactions are entered, the data is organized into journal entries, ledgers, reports, and analysis capabilities. Another important task is deciding how to enter transactions. Recording and categorizing business transactions will determine how Peachtree uses that information. For instance, observe that the chart of accounts for RW Manufacturing shows Account 10200 – Clarkson Bank, classified as the Account Type, Cash; Account No. 11000, Accounts Receivable, classified as Accounts Receivable. The Chart of Accounts Account Type column classifies the account for the financial statements—Assets, Liability, and Equity accounts go on the balance sheet; Income, Cost of Sales, and Expense accounts go on the Income Statement.

As you work with Peachtree, you see how the accounts, recording of transactions, and reports work to provide your business with the information necessary for making informed decisions.

Another important aspect of accounting is determining whether the basis for recording transactions is cash or accrual. In the cash basis method, revenues and expenses are recognized when cash changes hands. In other words, when the customer pays for their purchase, the transaction is recorded. When the expense is paid the transaction is recorded. In the accrual method of accounting, revenues and expenses are recognized when they occur. In other words, if the company purchases inventory from a vendor on April 1, the transaction is recorded on April 1. If inventory is sold on account on April 15, the transaction is done on April 15 *not* when cash is received. Accrual basis accounting is seen as more accurate because assets, liabilities, income, and expenses are recorded when they actually happen.

The charts on the next two pages summarize Appendix C, Review of Accounting Principles.

ACCOUNTING EQUATION:	Assets =	Liabilities +	Owners Equities +	Revenues –	Expenses
<b>Definition:</b>	Something that has future "resources"	Responsibilities to others "Payables" "Unearned"	Internal and External ownership	Recognition of value creation	Expired, used, or consumed costs or resources
<b>Debit Rules:DR</b>	Increase	Decrease	Decrease	Decrease	Increase
<b>Credit Rules:CR</b>	Decrease	Increase	Increase	Increase	Decrease
<b>Account Types and Examples</b>	<b>Current Assets:</b> Cash, Marketable Securities, Accounts Receivable, Inventory, Prepaids	<b>Current Liabilities:</b> Accounts Payable, Unearned Revenue, Advances from Customer	<b>Sole Proprietor:</b> (both internal and external) Name, Capital; Name, Withdrawals	<b>Operating Revenue:</b> Sales; Fees Earned, Rent Income, Contract Revenue	<b>Product/Services Expenses:</b> Cost of Goods Sold, Cost of Sales
	<b>Plant Assets:</b> Land, Buildings, Equipment, Accumulated Depreciation	<b>Noncurrent or Long-term Liabilities:</b> Bonds Payable, Notes Payables, Mortgage Payable	<b>Partnership:</b> (both internal and external) Partner A, Capital; Partner A, Withdrawals, etc.	<b>Other Revenue:</b> Interest Income	<b>Prepaid Expenses:</b> Selling Expenses, Administrative Expense, General Expense, Salary Expense, Rent Expense, Depreciation Expense, Insurance Expense
	<b>Noncurrent Assets:</b> Investments, Intangibles		<b>Corporation:</b> External: Common Stock, Preferred Stock, Paid-in Capital Internal: Retained Earnings, Dividends		<b>Other Expenses:</b> Interest Expense

<b>T-Account Rules</b>	<b>Assets</b>		<b>Liabilities</b>		<b>Owners Equities</b>		<b>Revenues</b>		<b>Expenses</b>	
	Acquire resources	Consume resources	Pay bills Recognize earnings	Buy on credit Receive cash or other assets before earning it	Internal: Net Loss External: Owners reduce ownership thru withdrawals or dividends	Internal: Net Income External: Investment made by owners in company	Sales returns Sales discount given	Sales Earned Income	Resources used consumed expired	
	increase	decrease	decrease	increase	decrease	increase	decrease	increase	increase	decrease

<b>Basic Financial Statement Rules:</b>	<b>Income Statement</b>
	Revenue = Net Income (NI) or Net Loss (NL) (Prepare first)
	<b>Statement of Equity</b>
	Beginning* + NI or – NL – (Withdrawals) = Ending* *for Sole Proprietors and Partnerships use Capital; for Corporations use Retained Earnings (Prepare second)
	<b>Balance Sheet</b>
	Assets = Liabilities + Owners Equities (Prepare third)
	<b>Statement of Cash Flows</b>
	Operating +/- Investing +/- Financing+Beginning Cash = Ending Cash (Prepare last)



# Appendix

## D

## Glossary

Appendix D lists a glossary of terms used in *Computer Accounting with Peachtree by Sage Complete Accounting 2011, 15<sup>th</sup> Edition*. Appendix D is also included on the textbook website at [www.mhhe.com/yacht2011](http://www.mhhe.com/yacht2011), link to Student Edition, then select Glossary.

### **accounting equation**

The accounting equation is stated as  $\text{assets} = \text{liabilities} + \text{owner's equity}$ . (p. 786)

### **accounting information systems (AIS)**

The method of recordkeeping a business uses to maintain its financial information. This includes purchases, sales, and other financial processes. Accounting information systems use information technology resources together with traditional accounting controls and methods to provide users the financial information necessary to manage their organizations. (p. 775)

### **accounts payable**

The money a company owes to a supplier or vendor. (p. 436)

### **accounts payable ledger**

Shows the account activity for each vendor. (p. 463)

### **accounts payable module**

The Vendors & Purchases Navigation Center includes Vendors & Purchases Tasks and its accompanying workflow diagram, Vendors, Recently Used Vendor Reports, Aged Payables, and Peachtree Solutions. (p. 60).

<b>accounts payable system</b>	Keeps track of the amount owed and the due dates of bills. In order to have the cash needed to pay bills, knowing why bills are due. The accounts payable system provides the summary information needed for the entry that credits Accounts Payable and debits the various asset and expense accounts that vendor invoices represent. (p. 60)
<b>accounts payable transactions</b>	Purchases of merchandise for resale, assets, or expenses incurred on credit from vendors. (p. 435)
<b>accounts receivable</b>	Accounts receivable represents amounts owed by customers for items or services sold to them when cash is not received at the time of sale. (p. 503)
<b>accounts receivable ledger</b>	Shows the account activity for each customer. (p. 517)
<b>accounts receivable module</b>	The Customers & Sales Navigation center shows the accounts receivable system. There are also individual tabs for Customers and Sales and Customer Management. (p. 103)
<b>accounts receivable system</b>	A summary of customer information, includes access to recently used customer reports, an overview of the company's aged receivables, lists of information regarding transactions, customer history, invoices, receipts, and finance charges. See accounts receivable module. (p. 103)

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<b>accounts receivable transactions</b>	Credit transactions from customers. (p. 503)
<b>activity items</b>	An item class for time and billing. (p. 260)
<b>ASCII</b>	An acronym for American Standard Code for Information Interchange. A standard format for representing characters on a computer. Most word processing, spreadsheet, and database programs can read ASCII files. (p. 698)
<b>assets</b>	The economic resources and other properties that a business owns. (p. 786)
<b>audit trail</b>	The path from the source document to the accounts. (p. 197)
<b>average cost</b>	A method of computing inventory. (See weighted-average method.) (p. 468)
<b>backing up</b>	A copy of a data file typically stored on the hard drive or external media. (p. 20)
<b>balance sheet</b>	Lists the types and amounts of assets, liabilities, and equity as of a specific date. (p. 305)
<b>bank reconciliation</b>	The process of bringing the balance of the bank statement and the balance of the cash account into agreement. (p. 343)

<b>batch posting</b>	Journal entries are held in temporary storage on your disk and not made part of the permanent records of the company until you decide you are satisfied with them and select Post from the icon bar. After you post, the General Ledger and all other accounting reports are updated. (p. 123)
<b>business status</b>	The Business Status Navigation Center displays a variety of general business information, including account balances, revenue figures, receivables and payables data, and action items. Like a car's dashboard it tells you what you need to know in one place. (See dashboard.) (p. 6)
<b>case sensitive</b>	Refers to the use of lowercase and uppercase letters. When coding a customer or vendor, you must use either a capital or lowercase letter. For example, a vendor code that is A002 will not be recognized if a002 is typed. (p. 74)
<b>cash disbursements journal</b>	All payments of cash are recorded in the cash disbursements journal. In Peachtree, the Payments task is the cash disbursements journal. (p. 469)
<b>cash receipts journal</b>	In Peachtree the receipts task posts to the cash receipts journal. (p. 516)
<b>charge items</b>	An item class for time and billing. (p. 260)
<b>chart of accounts</b>	A list of all the accounts used by a company, showing the identifying number assigned to each account. PCA has over 70 sample charts of accounts. (p. 18)

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<b>coding system</b>	A combination of letters and numbers that are used to identify customers and vendors. The coding system is case sensitive, for example, A002 is not the same as a002. (See case sensitive.) (p. 73)
<b>comma separated values values (CSV)</b>	Files that are commonly used for transferring data between applications. (p. 697)
<b>credit memos</b>	Refunds for merchandise that is returned by a customer. Also known as a credit invoice. (p. 135)
<b>customer ledgers</b>	Customer Ledgers lists customers with detail transaction information including outstanding balances for each customer. The bottom of the report provides debit, credit, and balance totals. (p. 133)
<b>dashboard</b>	The Business Status Navigation Center shows you in one place what you need to know about the business—data relating to account balances, who owes you what and what bills need to be paid, who your most profitable customers are, etc. (See business status) (p. 6).
<b>database</b>	An organized body of related information. A database is a structured collection of records or data that is stored in a computer system. The structure is achieved by organizing the data. (p. 442)
<b>default</b>	Information that displays in windows or information that is automatically used by the system. You can change the default by choosing another command. (p. 35)
<b>desktop</b>	Depending on how your computer is set up, various icons appear on your desktop when you start Windows. (p. 7)

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<b>dialog box</b>	A window that appears when the system requires further information. You type information into dialog boxes to communicate with the program. Some dialog boxes display warnings and messages. (p. 33)
<b>drill down</b>	The function that allows you to follow a path to its origin for further analysis. Some of the data that appears in the Peachtree Navigation Centers can be drilled down on. These spots are marked by blue text; just click to go to a related window displaying detailed information. You can also use drill down from reports. (p. 85)
<b>drop-down list</b>	The down arrow means that the field contains a list of information from which you can make a selection. When you click on the arrow next to a field, the list appears. You can press <Enter> or click your mouse on an item to select it from the list. (p. 11)
<b>ellipsis (...)</b>	A punctuation mark consisting of three successive periods (...). Choosing a menu item with an ellipsis opens a dialog box. See glossary item, dialog box. (p. 33)
<b>employees and payroll system</b>	The payroll system includes employee information and earnings. (p. 146)
<b>enterprise resource planning (ERP)</b>	ERP systems are company-wide software products that manage and coordinate all the resources, information, and functions of a business from shared data sources. ERP systems are used by large companies. (p. 784)

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<b>equity</b>	The difference between the assets and liabilities or what the business has left after the debts are paid. (p. 786)
<b>exemptions</b>	These are withholding allowances claimed by the employee. The number of exemptions or withholding allowances usually includes one for the employee, one for the employee's spouse, and one for each dependent. (p. 587)
<b>expense tickets</b>	Used to track and aid in the recovery of customer-related expenses. (p. 258)
<b>exporting</b>	Copies Peachtree data into a format that other programs can read and use. (p. 695)
<b>external media</b>	Examples of external media include floppy disks; CD-R; DVD-R; USB flash drive; Zip disks. External media of this type can be used for backing up Peachtree data. (p. 20)
<b>FICA taxes</b>	This deduction from wages is also called the social security tax and provides qualified workers who retire at age 62 or older with monthly payments from the federal government. A portion of this tax is for Medicare. (See Medicare.) (p. 587)
<b>fields</b>	An individual piece of data, for example, the account number for sales or a customer's name. (p. 696)
<b>FIFO</b>	First in, first out method of inventory assumes that the items in the beginning inventory are sold first. (p. 555)
<b>files</b>	A group of related records; for example, customer files and journal files. (p. 696)
<b>filter</b>	Filtering allows you to select specific types of activities and events. (p. 10)

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<b>general ledger system or module (GL)</b>	The complete collection of accounts (chart of accounts) of a company, transactions associated with these accounts, and account balances for a specified period of time. The GL is the combination of all journal entries that have been recorded and posted. The account balances are then collected and shown on the company's financial statements. (p. 18; 365)
<b>global options</b>	Settings that affect the entire program. When you set global options for one company, you set them for all companies. You can access these settings from the <u>O</u> ptions menu. (p. 15)
<b>graphical user interface (GUI)</b>	Consists of procedures which enable you to interact with PCA. The key is the Windows environment: the menus, dialog boxes, and list boxes. A mouse simplifies use of the GUI, but it is not required. (p. 1)
<b>home page</b>	The Business Status page is also known as the home page. (p. 13)
<b>HTML</b>	HTML is an abbreviation for Hypertext Markup Language. Peachtree's Help topics are displayed in HTML. (p. 172)
<b>icons</b>	Small graphic symbols that represent an application or command. Icons appear on the screen when Windows programs are used: file folder, eraser, clock, hour-glass, etc. (p. 1)
<b>icon bar</b>	The icon bar shows pictures of commands or additional information that pertain to the window. (p. 9)

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<b>input</b>	The input devices commonly associated with AIS include: standard personal computers or workstations, scanning devices for, electronic communication devices for electronic data interchange (EDI) and e-commerce. In addition, many financial systems come Web-enabled to allow devices to connect to the World Wide Web. (p. 776)
<b>internal control</b>	An integrated system of people, processes, and procedures that minimize or eliminate business risks, protect assets, ensure reliable accounting, and promote efficient operations. (197)
<b>inventory system</b>	Peachtree's Inventory & Services Navigation Center shows Peachtree's inventory system, another module within the software. The Inventory & Services page displays information and access points related to the company's inventory items, includes a summary of item information, access to recently used inventory reports, a graphic analysis of how the cost of sales is trending, shows the flow of inventory-related tasks, and takes you where you need to go to perform those tasks. (p. 185)
<b>importing</b>	Translates data from other programs into a format that Peachtree can use. (p. 695)
<b>Internet</b>	A global system of interconnected computer networks that use the standardized Internet Protocol Suite (TCP/IP), serving billions of users worldwide. It is a network of networks that consists of millions of private and public, academic, business, and government networks of local to global scope that are linked by copper wires, fiber-optic cables, wireless connections, and other technologies. The Internet carries a vast array of information resources and services, most notably the inter-linked hypertext documents of the World Wide Web (WWW) and the infrastructure to support electronic mail. (p. 49)

<b>invoice</b>	A bill that shows an itemized list of goods shipped or services rendered, stating quantities, prices, fees, and shipping charges. (p. 504)
<b>job costing</b>	The job costing feature allows you to track the cost incurred while performing a job. (p. 213)
<b>liabilities</b>	The business' debts. (p. 786)
<b>LIFO</b>	Last in, first out method of inventory assumes that the last goods received are sold first. (p. 555)
<b>line items</b>	These rows appear on many of Peachtree's windows. On color monitors, a magenta line is placed around the row you select. (p. 10)
<b>masking</b>	The ability to limit information on the report to a single division, department, location, or type code. Financial statements can be departmentalized. See wildcards (p. 241)
<b>Medicare</b>	A portion of FICA taxes (also called social security taxes) deducted from wages of qualified workers. Retirees receive medical benefits called Medicare after reaching age 65. (p. 588)
<b>merchandise inventory</b>	Includes all goods owned by the business and held for resale. (p. 555)
<b>merchandising business</b>	Retail stores that resell goods and/or perform services. (p. 555)
<b>module</b>	Modules organize Peachtree's transaction windows and reports. The menu bar selections, Tasks and Reports & Forms, are also organized by module; for example, Accounts Receivable, Accounts Payable, General Ledger, etc. (p.18)



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<b>mouse</b>	A pointing device that is used to interact with images on the screen. The left mouse button is used in PCA. (p. 1)
<b>navigation bar</b>	The navigation bar appears on the left side of the Peachtree main window and offers access to seven navigation centers: Business Status; Customers & Sales; Vendors & Purchases; Inventory & Services; Employees & Payroll; Banking; and Company. Also called a dashboard. (p. 17)
<b>navigation centers</b>	Each navigation bar selection takes you to the navigation center pages, which provide information and access to the Peachtree program. (p. 17)
<b>net income</b>	A net income results when revenues exceed expenses. (p. 233)
<b>net loss</b>	A net loss results when expenses exceed revenues. (p. 233)
<b>option button</b>	Circles in dialog boxes which toggle options on and off. Options signal an either or choice. For example, there are two option buttons on the Maintain Employees dialog box: Salary or Hourly pay. You select one or the other; you cannot select both. (p. 41)
<b>output</b>	Output devices used include computer displays, impact and nonimpact printers, and electronic communication devices for electronic data exchange and e-commerce. (p. 776)
<b>payroll journal</b>	The Payroll Entry window is also the payroll journal. The Payroll Entry window posts to the General Ledger and to the Employee file. (p. 612)

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<b>payroll system</b>	Peachtree's Employees & Payroll Navigation Center displays information and access points related to the company's employees. It includes a summary of employee information including 1099 vendors, and access to recently used employee reports. There is also a section called Peachtree Solutions, with links to information about their-party features such as checks and forms. (p. 146)
<b>PCA</b>	Abbreviation for Peachtree Complete Accounting. (p. 1)
<b>perpetual inventory</b>	In a perpetual inventory system, an up-to-date record of inventory is maintained and the inventory account is revised each time a purchase or sale is made. (p. 171)
<b>posting</b>	The process of transferring information from the journal to the ledger. (p. 277)
<b>process</b>	Basic processing is achieved through computer systems ranging from individual personal computers to large-scale enterprise servers. The underlying processing model is the double-entry accounting system initially introduced in the fifteenth century. (p. 776)
<b>purchase discount</b>	Cash discounts from vendors in return for early payment of an invoice, for example, 2% 10 days, net 30. (p. 57)
<b>purchase journal</b>	In the Purchase Journal, or Purchases/Receive Inventory window, you can enter invoices received from vendors or enter and print purchase orders. In manual accounting, a Purchase Journal is a multi-columnar journal in which all purchases on account are recorded. (p. 462)

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<b>purchase order</b>	A purchase order is used to request items from a vendor. Purchase Orders, abbreviated PO, authorize the vendor to ship the ordered merchandise at the stated price and terms. When the Apply to Purchase Order tab is selected on the Purchases/Receive Inventory window and the transaction is posted, accounting information (inventory, accounts payable subsidiary ledger, general ledger) is updated. (p. 62)
<b>queue</b>	A list of files waiting to be printed (p. 37)
<b>radio button</b>	Commands that can be turned on from a list of choices in a dialog box or window. (p. 41)
<b>real-time posting</b>	Journal transactions are posted to the General Ledger at the time they are entered and saved. Peachtree Software recommends real-time posting for networked computers. (p. 123).
<b>records</b>	A group of fields that contain information on one subject, for example, the general journal, purchase journal, cash disbursements journal, sales journal, or cash receipts journal. (p. 696)
<b>restore</b>	Previously backed up data can be restored or retrieved from the Company page; or, from the menu bar by selecting File, Restore selection. (p. 20)
<b>sales discount</b>	A cash discount that is offered to customers for early payment of their sales invoices. For example, Bellwether Garden Supply offers Teesdale Real Estate a 5% discount for payments received within 15 days of the invoice date. In PCA the discount period (number of days) and discount percentage can be changed. (p. 114)

<b>sales journal</b>	The Sales/Invoicing task in Peachtree is the sales journal. (p. 516)
<b>sales order</b>	A document containing a list of items or services that a customer wants to buy. A sales order is a request for a sale. (p. 101)
<b>service invoice</b>	An alternative to the standard invoice. Use it when you want to create an invoice without inventory items. (p. 524)
<b>service release</b>	Peachtree updates are identified as Service Release numbers; for example SR-2. (p. xx)
<b>shortcut keys</b>	Enable you to perform some operations by pressing two or more keys at the same time. For example <b>&lt;Alt&gt; + &lt;F4&gt;</b> closes an application window. (p. 4)
<b>source documents</b>	Written evidence of a business transaction. Examples of source documents are sales invoices, purchase invoices, transaction register, and a bank statement. (p. 329)
<b>statement of financial position</b>	Another name for a balance sheet. (See balance sheet.) (p. 305).
<b>tabs</b>	There are various tabs shown on Peachtree's windows. For example, in the Maintain Customers/Prospects window there are tabs for <u>G</u> eneral, <u>S</u> ales Defaults, <u>P</u> ayment Defaults, <u>C</u> ustom Fields, and <u>H</u> istory. You can select one of these tabs to open a window so that more information will display about a customer. (p. 11)
<b>taskbar</b>	In Windows 7/Vista/XP, the Start button and taskbar are located at the bottom of your screen. (p. 8)

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<b>template</b>	A document pattern or part of a document that you keep stored so that it can be used again. (p. 715)
<b>time tickets</b>	Used to record time-based activities such as research or consultations. A record of activities of either a vendor or an employee. (p. 258)
<b>title bar</b>	The top line of every window is a bar which contains the name of the application or menu in that window. (p. 7)
<b>touchpad</b>	A touchpad pointing device usually consists of two mouse-like buttons and one scroll button. It is used to control the movement of the cursor. (p. 1)
<b>transaction register</b>	A term used to identify checking account activity. (p. 329)
<b>unearned revenue</b>	A liability account used to report advance collections from customers. (p. 390)
<b>user interface</b>	The user interface is also called the graphical user interface. Refer to glossary term, graphical user interface. (p. 1)
<b>user-maintained payroll tables</b>	Payroll formulas that are entered manually. (p. 592)
<b>vendor credit memos</b>	Returns to vendors. (p. 85)
<b>vendor ledger</b>	Shows the account activity for each vendor. (p. 463)
<b>vendors</b>	In PCA, this term refers to businesses that offer credit for merchandise or assets purchased or expenses incurred. (p. 435)

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<b>W-2 forms</b>	Annual report of an employee's wages subject to FICA and federal income tax that shows withholding amounts. (p. 588)
<b>weighted-average method</b>	This method of inventory pricing divides the cost of the inventory purchased by the quantity of merchandise purchased. This unit cost is multiplied by the ending inventory. (p. 468)
<b>wildcard</b>	Reports can be filtered using wildcard characters. In Peachtree, a valid wildcard character is an asterisk (*). (See making.) (p. 241)
<b>WIMP</b>	The acronym, WIMP, stands for Windows, Icons, Menus, and Pull-downs. This acronym is used to describe the way personal computer software looks and works. (p. 1)
<b>windows</b>	A visual (instead of typographic) format for computer operations. (p. 1)
<b>withholding allowances</b>	Exemptions claimed by the employee. The number of exemptions or withholding allowances often includes one for the employee, one for the employee's spouse, and one for each dependent. (p. 587)
<b>workflow diagram</b>	A workflow diagram shows a sequence of connected steps. For example, the Vendors & Purchases diagram shows the flow of data through the accounts payable system. (See module.) (p. 17)
<b>World Wide Web (WWW)</b>	A way of accessing information over the Internet. (See Internet). <a href="http://www.webopedia.com/DidYouKnow/Internet/2002/Web_vs_Internet.asp">www.webopedia.com/DidYouKnow/Internet/2002/Web vs Internet.asp</a> . (p. 49)

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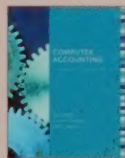
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